EY Professional Services Limited (formerly 'AgilityWorks Limited')

Annual Reports and Financial Statements

3 July 2020

Registered No. 06015277
Registered in England and Wales

Registered No: 06015277

Directors

N Bewers	(Resigned: 29 November 2019)
A Byrne	(Appointed: 6 December 2019)
S M Church	(Appointed: 1 February 2020)
K A Connors	(Resigned: 1 May 2020)
S Orr	(Appointed: 10 March 2021)
S Warner	(Resigned: 29 November 2019)

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Registered Office

1 More London Place
London SE1 2AF

Strategic report

The directors present their strategic report for the eighteen-month period from 1 January 2019 to 3 July 2020, the prior period being the twelve months from 1 January 2018 to 31 December 2018.

Principal activity and review of the business

The principal activity of EY Professional Services Limited (the "company") is the provision of software implementation and design services.

The key financial and other performance indicators during the period were as follows:

	18 months ended 3 July 2020 £k	*12 months ended 31 December 2018 £k*
Revenue	35,835	16,908
Net profit margin *(restated *)*	5.3%	4.9%
Debtor days	91 days	61 days

* The comparatives have been restated as explained in note 2.

The COVID-19 pandemic caused economic uncertainty in the world market towards the end of the financial period and despite an exceptionally challenging economic environment worldwide, the company has achieved a strong revenue growth. The company continually reviews its business within the dynamics of the SAP marketplace to ensure it offers quality outcomes to its customers, remains differentiated and maintains appropriate staff levels. The performance in the current period demonstrates the success of the strategic shift in its services portfolio towards full-service SAP (S/4) consulting and support services and the increasing demand of such services in the marketplace. This, together with the positive benefit of synergies following the acquisition of the company by the Ernst & Young LLP group and pricing adjustments during the period, have contributed to the improvement in net profit margin from 4.9% to 5.3%.

The current period debtor days, based on client debtors, were adversely impacted by a system change which resulted in a delay in the ability to invoice clients. As a result, the company has experienced a significant increase in debtor days compared to the prior period.

Future developments

The directors consider that the demand for the provision of the company's services will continue in the future.

Principal risks and uncertainties

The principal risk currently facing the company relates to ensuring the operational capability to service the predicted level of future growth and so its ability to attract and retain the appropriate skills and SAP knowledge. However, so far, the company has been successful in recruiting staff at all levels.

The policies for managing the risks relating to financial instruments are set out in note 18.

Going concern

The company actively manages its operating cash flows to ensure that all repayment and funding needs are met. Looking ahead, the economic outlook is uncertain given the ongoing impact from the COVID-19 pandemic.

The directors have considered the impact of COVID-19 on the company. EY Professional Services Limited is closely monitoring the ongoing impact of COVID-19 and has performed a going concern assessment under multiple scenarios, including a detailed review of the cash flow forecast until June 2022.

Strategic report

Going concern (continued)

The directors believe EY Professional Services Limited has sufficient cash flows and is well placed to manage the risks and uncertainties arising as a result of COVID-19. Accordingly, the directors of EY Professional Services Limited have concluded that the company has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements and so continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Section 172 statement

The company is an indirect subsidiary of Ernst & Young LLP ("EY LLP"), having been acquired in the current period by Ernst & Young Services Limited ("EYSL"). The company's principal activity is stated above. EY LLP commits to the Audit Firm Governance Code published by the Financial Reporting Council. To do this, EY LLP has therefore put in place certain processes, procedures and arrangements, which apply, as relevant, to the company.

Consequently, governance and related decision-making generally operates at the EY LLP level, consistent with EY LLP's Service Lines and functions (including the Talent function), and EY LLP maintains/fosters business relationships with suppliers, customers and others, which benefit both EY LLP and its direct and indirect subsidiaries, including the company. Therefore, EY LLP's governance process applies, as relevant, to the company, to ensure that decisions are made at the appropriate level in the organisation (given, for example, EY LLP is the principal contracting entity with third parties), and that transactions are carried out by the appropriate legal entity. Such governance processes also ensure that related decisions and engagement with certain groups of stakeholders (e.g. the company's employees and its suppliers) are conducted by EY LLP on the company's behalf, or in conjunction with the company, as appropriate. The company is generally cognisant of all of the above, as all of its directors are also members of EY LLP, and receive, in various capacities, regular reports and updates on EY LLP's activities and performance.

Given the governance arrangements stated above, and the fact that the company is an indirect subsidiary of EY LLP, EY LLP's performance directly influences the future performance and direction of the company. Accordingly, and taking into account the company's principal activity, the company's directors consider that the company's key stakeholders are: the company's employees, its clients and EY LLP.

During the current period, the company's directors acted in a way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when making decisions. In addition, the company's directors also had regard to other factors and matters that they considered relevant to decisions made. When required, the company's directors held board meetings to make key decisions relating to the company, where such matters and factors were considered, as relevant. This therefore took place when the company made the principal decisions to focus on the training and skills development of its employees, which would help them integrate into EY (as applicable) and maintain up-to-date product awareness.

For and on behalf of the Board

A Byrne
Director
Date: 30 June 2021

Directors' report

The directors present their report and financial statements for the company.

The company was acquired by Ernst & Young Services Limited on 26 October 2019. The company was previously known as AgilityWorks Limited and changed its name to EY AgilityWorks Limited and subsequently to EY Professional Services Limited following its acquisition by Ernst & Young Services Limited.

During the current period, the company changed its accounting reference date to align to that of its new ultimate parent undertaking. Accordingly, the strategic report, the directors' report and financial statements cover the 18-month period from 1 January 2019 to 3 July 2020 (the comparative period being the twelve months from 1 January 2018 to 31 December 2018).

Results and dividends

The profit for the period after taxation amounted to £1,897k (2018: £826k).

The company's business activities, together with its future expected business developments and risk exposures are described in the strategic report.

Dividends totalling £430k were declared and paid during the period (2018: £939k).

Financial instruments

The directors are responsible for setting objectives and policies in relation to financial instruments, details of which can be found in note 18.

Directors

The directors during the period ended 3 July 2020 and the period up until approval of the financial statements, are listed on page 1.

Auditor

Having made enquiries of the company's auditor, the directors at the date of approving this annual report confirm that:

- To the best of their knowledge and belief, there is no information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware; and
- The directors have taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

BDO were appointed as auditors to the company for the period ending 2 July 2021 and have expressed their willingness to continue in office.

For and on behalf of the Board

A Byrne
Director
Date: 30 June 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual reports and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards in conformity with the Companies Act 2006 ("IFRS"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting 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 IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether the company financial statements have been prepared in accordance with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the shareholder of EY Professional Services Limited (formerly 'AgilityWorks Limited')

Opinion

We have audited the financial statements of EY Professional Services Limited ("the Company") for the 18 month period ended 3 July 2020 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet, the Cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 July 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report

to the shareholder of EY Professional Services Limited (formerly 'AgilityWorks Limited')

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors 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 Directors 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 Directors are responsible for assessing the 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 unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

to the shareholder of EY Professional Services Limited (formerly 'AgilityWorks Limited')

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Diane Campbell
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Diane Campbell (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

30 June 2021

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

Statement of comprehensive income

for the period ended 3 July 2020

	Notes	18 months ended 3 July 2020 £k	(Restated *) 12 months ended 31 December 2018 £k
Revenue	3	35,835	16,908
Expenses billed to clients		(796)	(730)
Net revenue		35,039	16,178
Other operating income		1,927	114
Operating expenses	4	(35,004)	(15,263)
Operating profit		1,962	1,029
Finance income		1	1
Finance costs	7	(4)	(7)
Profit before tax		1,959	1,023
Tax charge	8	(62)	(197)
Profit and total comprehensive income for the period		1,897	826

Statement of changes in equity

for the period ended 3 July 2020

	Notes	Called up share capital £k	Share premium £k	Retained earnings £k	Total equity £k
At 31 December 2017		1	6	4,093	4,100
Profit and total comprehensive income for the period *(restated *)*		–	–	826	826
Credit for equity-settled share-based payments *(restated *)*	17	–	–	123	123
Dividends *(restated *)*	14	–	–	(939)	(939)
At 31 December 2018 *(restated *)*		1	6	4,103	4,110
Profit and total comprehensive income for the period		–	–	1,897	1,897
Credit for equity-settled share-based payments	17	–	–	233	233
Dividends	14	–	–	(430)	(430)
Exercise of options	15	–	227	–	227
At 3 July 2020		1	233	5,803	6,037

* The comparatives have been restated as explained in note 2.

Balance sheet

at 3 July 2020

Registered number 06015277

	Notes	3 July 2020 £k	(Restated *) 31 December 2018 £k	(Restated *) 1 January 2018 £k
ASSETS				
Non-current assets				
Property, plant and equipment	9	79	314	435
Investment in subsidiaries	10	1	10	10
Deferred tax asset	8	1	8	–
Total non-current assets		81	332	445
Current assets				
Trade and other receivables	11	8,220	4,252	3,206
Tax receivables		282	–	265
Cash		4,605	2,499	2,314
Total current assets		13,107	6,751	5,785
TOTAL ASSETS		13,188	7,083	6,230
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	12	7,080	2,517	1,815
Tax payables		–	230	–
Provisions	13	51	77	52
Lease liabilities	16	20	129	89
Total current liabilities		7,151	2,953	1,956
Non-current liabilities				
Lease liabilities	16	–	20	149
Deferred tax liability		–	–	25
Total non-current liabilities		–	20	174
Equity				
Called up share capital	15	1	1	1
Share premium	15	233	6	6
Retained earnings		5,803	4,103	4,093
Total equity		6,037	4,110	4,100
TOTAL EQUITY AND LIABILITIES		13,188	7,083	6,230

* The comparatives have been restated as explained in note 2.

The financial statements of EY Professional Services Limited for the period ended 3 July 2020 were authorised for issue by the board of directors and signed on their behalf by:

A Byrne
Director
Date: 30 June 2021

Cash flow statement

for the period ended 3 July 2020

	18 months ended 3 July 2020	*(Restated *) 12 months ended 31 December 2018*
	£k	*£k*
Operating activities		
Profit before tax	1,959	1,023
Adjusted for:		
Depreciation	224	181
Loss on disposal of property, plant and equipment	34	34
Loss on disposal of subsidiary	9	–
Net finance costs	3	6
Net foreign exchange gains	(4)	(19)
Share-based payments expense	233	123
Movements in provisions	(26)	25
Increase in trade and other receivables	(3,968)	(1,046)
Increase in trade and other payables	4,563	693
	3,027	1,020
Corporation tax (paid)/refunded	(567)	265
Net cash inflows from operating activities	2,460	1,285
Investing activities		
Purchase of property, plant and equipment	(23)	(94)
Interest received	1	1
Net cash outflows from investing activities	(22)	(93)
Financing activities		
Dividends paid	(430)	(930)
Proceeds from exercise of share options	227	–
Payment of principal portion of lease liabilities	(129)	(89)
Payment of interest portion of lease liabilities	(4)	(7)
Net cash outflows from financing activities	(336)	(1,026)
Increase in cash	2,102	166
Net foreign exchange differences	4	19
Cash at beginning of period	2,499	2,314
Cash at end of period	4,605	2,499

* The comparatives have been restated as explained in note 2.

Notes to the financial statements

at 3 July 2020

1. Corporate information

EY Professional Services Limited, previously known as AgilityWorks Limited, is a private company limited by shares incorporated, domiciled and registered in England and Wales (registered number 06015277). The company's registered office address is 1 More London Place, London SE1 2AF.

Details of the principal activity of EY Professional Services Limited can be found in the Strategic report.

The financial statements of EY Professional Services Limited for the period from 1 January 2019 to 3 July 2020 were authorised for issue by the Board of Directors on 30 June 2021.

2. Significant accounting policies

The principal accounting policies are summarised below and have all been applied consistently throughout the period and the preceding period, unless otherwise stated.

Basis of preparation

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

For all periods up to and including the year ended 31 December 2018, the company prepared its financial statements in accordance with UK GAAP. These financial statements, for the period ended 3 July 2020, are the first the company has prepared in accordance with IFRS. The impact of adopting IFRS is explained further below.

The financial statements have been prepared on the accrual basis of accounting using a number of measurement bases as set out in the accounting policies below.

The directors believe it is appropriate to present the accounts on a going concern basis. The directors have concluded that it is appropriate to adopt the going concern basis having considered multiple forecasts, covering a period exceeding a year from the date of signing the financial statements. The forecasts consider the impact of COVID-19 in a range of severe but plausible scenarios including varying declines in revenue and collection rates. The impact on EY Professional Services Limited's cash flows has then been considered and the directors of the company have concluded that there is no material uncertainty relating to going concern and that it is appropriate to present the financial statements of the company on a going concern basis. Further details of this assessment can be found within the Strategic report.

The functional currency of the company is pounds sterling. The financial statements are presented in pounds sterling and, unless otherwise indicated, are rounded to the neared thousand pounds (£k).

During the current period, the company has changed its accounting reference date from 31 December to 30 June. Accordingly, the financial statements have been drawn up for the 18-month period from 1 January 2019 to 3 July 2020 (the comparative period being the 12-month period from 1 January 2018 to 31 December 2018).

The company is exempt from the obligation to prepare group accounts under section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking and its ultimate parent undertaking prepares group accounts (see note 20). Consequently, these financial statements contain information about EY Professional Services Limited as an individual entity.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the application of judgement and the use of estimates that affect the amounts reported for assets, liabilities, revenues and expenses. Information about judgements and estimates is included in the accounting policies and other notes to the financial statements, the most significant being:

- debtor recoverability; and
- value of share options at grant date and vesting period (note 2).

Although estimates are based on the best information available, actual outcomes could differ from the amounts included in the financial statements.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

First-time adoption of IFRS

Following the acquisition by Ernst & Young Services Limited, the financial statements have been transitioned from UK GAAP and prepared in accordance with International Financial Reporting Standards in conformity with the Companies Act 2006 ("IFRS"). Accordingly, the company has prepared financial statements that comply with IFRS applicable as at 3 July 2020, together with the comparative data for the year ended 31 December 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the company's opening statement of financial position was prepared as at 1 January 2018, the company's date of transition to IFRS.

This note explains the principal adjustments made by the company in restating its financial statements, which relate to leases, share options and dividends. The company has two commercial property leases. Under previous UK GAAP, these were treated as operating leases and lease payments were charged to the income statement, within operating expenses, on a straight line basis over the lease term. Under IFRS, the company has recognised right-of-use assets and lease liabilities in respect of these leases.

On transition to IFRS on 1 January 2018, the company measured its lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2018. Right-of-use assets, included in property, plant and equipment, were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid lease payments recognised in the statement of financial position immediately before 1 January 2018.

The company also identified three errors in respect of the previous UK GAAP financial statements. The first relates to share options granted to employees during the prior periods which was not reflected in those financial statements. The expense arising from the granting of these share options, equal to the fair value at time of granting of £123k (2017: £21k), has now been reflected within staff costs, together with an offsetting increase in retained earnings. This resulted in an overstatement of the tax charge in the income statement of £24k. The net impact on the balance sheet is limited to the recognition of a deferred tax asset of £24k.

The second relates to the distribution of net assets of £759k (principally cash), previously referred to as Cloudfabriq, paid in the prior period. This had previously been recognised under other comprehensive income and has now been reflected instead as a dividend distribution from retained earnings. There was therefore no net impact on the balance sheet.

The third relates to a foreign tax adjustment of £20k less a £2k error in relation to deferred tax in the income statement. This has now been reflected as an additional £18k tax charge with a corresponding increase to the current tax liability of £20k and an increase to the deferred tax asset of £2k.

As a result of correcting the errors above, the existing deferred tax liability of £18k has been reclassed to deferred tax assets giving a final deferred tax asset position of £8k.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

First-time adoption of IFRS (continued)

The company reconciliation of equity as at 1 January 2018 (date of transition to IFRS) is as follows:

	Notes	*UK GAAP* £k	*IFRS conversion differences* £k	*Correction of prior year errors* £k	*IFRS as at 1 January 2018* £k
Assets					
Property, plant and equipment	9	181	254	–	435
Prepayments		90	(16)	–	74
Other assets		5,721	–	–	5,721
Total assets		5,992	238	–	6,230
Liabilities					
Lease liabilities	16	–	238	–	238
Other liabilities		1,892	–	–	1,892
Total liabilities		1,892	238	–	2,130
Equity					
Retained earnings		4,093	–	–	4,093
Other components of equity		7	–	–	7
Total equity		4,100	–	–	4,100
Total equity and liabilities		5,992	238	–	6,230

Other assets comprise investments, debtors (excluding prepayments) and cash at bank. Other liabilities comprise creditors and provisions for liabilities.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

First-time adoption of IFRS (continued)

The company reconciliation of equity as at 31 December 2018 is as follows:

	Notes	*UK GAAP* £k	*IFRS conversion differences* £k	*Correction of prior year errors* £k	*IFRS as at 31 December 2018* £k
Assets					
Property, plant and equipment	9	154	160	–	314
Prepayments		106	(16)	–	90
Other assets		6,671	–	8	6,679
Total assets		6,931	144	8	7,083
Liabilities					
Lease liabilities	16	–	149	–	149
Other liabilities		2,822	–	2	2,824
Total liabilities		2,822	149	2	2,973
Equity					
Retained earnings		4,102	(5)	6	4,103
Other components of equity		7	–	–	7
Total equity		4,109	(5)	6	4,110
Total equity and liabilities		6,931	144	8	7,083

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

First-time adoption of IFRS (continued)

The company reconciliation of total comprehensive income for the year ended 31 December 2018 is as follows:

	Notes	*UK GAAP*	*IFRS conversion differences*	*Correction of prior year errors*	*IFRS for the year ended 31 December 2018*
		£k	*£k*	*£k*	*£k*
Revenue		16,908	–	–	16,908
Expenses billed to clients		(730)	–	–	(730)
Net revenue		16,178	–	–	16,178
Other operating income		114	–	–	114
Operating expenses *	4	(15,142)	2	(123)	(15,263)
Operating profit		1,150	2	(123)	1,029
Finance income		1	–	–	1
Finance costs	7	–	(7)	–	(7)
Profit before tax		1,151	(5)	(123)	1,023
Tax charge		(203)	–	6	(197)
Profit for the financial period		948	(5)	(117)	826
Cloudfabriq disposal		(759)	–	759	–
Profit and total comprehensive income		189	(5)	642	826

* Operating expenses comprise cost of sales and administrative expenses. The IFRS conversion difference decreasing the operating expenses by £2k relate to operating lease rent expenses of £96k under UK GAAP less the depreciation of right-of-use assets of £94k under IFRS (note 9).

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

First-time adoption of IFRS (continued)

The company reconciliation of the statement of cash flows for the year ended 31 December 2018 is as follows:

	Notes	*UK GAAP* *£k*	*IFRS conversion differences* *£k*	*Correction of prior year errors* *£k*	*IFRS for the year ended 31 December 2018* *£k*
Operating activities					
Profit before tax		1,151	(5)	(123)	1,023
Adjusted for:					
Depreciation	9	87	94	–	181
Net finance costs	7	(1)	7	–	6
Share-based payments expense	17	–	–	123	123
Other adjustments		40	–	–	40
Movements in working capital		(344)	–	(9)	(353)
		933	96	(9)	1,020
Corporation tax refunded		265	–	–	265
Net cash inflows from operating activities		1,198	96	(9)	1,285
Net cash outflows from investing activities		(93)	–	–	(93)
Financing activities					
Dividends paid	14	(180)	–	(750)	(930)
Payment of principal portion of lease liabilities		–	(89)	–	(89)
Payment of interest portion of lease liabilities	7	–	(7)	–	(7)
Cloudfabriq demerger		(759)	–	759	–
Net cash outflows from financing activities		(939)	(96)	9	(1,026)
Increase in cash		166	–	–	166

Foreign currencies

Transactions denominated in currencies other than the sterling are translated into sterling at the exchange rate in operation when the transaction occurred. Monetary assets and liabilities denominated in currencies other than sterling are translated at the rate of exchange ruling at the balance sheet date. All exchange gains or losses are recognised in the income statement as they arise.

Revenue

Revenue is earned under contracts with clients to provide a variety of implementation and design technology services. Revenue is recognised when control of services is transferred to the client at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services.

Each contract is assessed to identify the performance obligation(s) and to estimate the total transaction price. The total transaction price is then allocated to each performance obligation within the contract.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

Revenue (continued)

The company typically recognises the transaction price as revenue over time because most contracts give the company the enforceable right to receive payment for work performed to date and no asset with an alternative use is created. Where this is not the case, the company recognises revenue at a point in time, typically when the service has been completed and delivered to the customer.

When recognising revenue over time, the company measures progress towards complete satisfaction of the performance obligations using time spent to date as a proportion of the total estimated time. The company considers this to be the best measure of how services are transferred to clients over time.

The company has not disclosed the transaction price allocated to unsatisfied or partially unsatisfied performance obligations at the period end as the performance obligations had an original expected duration of less than one year.

Payment terms are negotiated separately with each client, but typically involve periodic billings as services are provided. Where amounts billed to clients are less than the revenue recognised at the period end date, the difference is recognised as unbilled receivables, however, if contractual terms allow the company to have an unconditional right to receive payment for performance completed to date the difference is recorded as client debtors. Amounts received in advance of performance are recognised as payments on account. Where the amounts billed exceed the revenue recognised at the period end date, the difference is recognised as client debtors and as payments on account provided the contract is non-cancellable and gives unconditional right to payment for services that have not yet been completed or for services to be provided in the near future. The performance obligations related to any payments on account are generally satisfied within a year of such billing.

Other operating income

Market development and initiative support received from Ernst & Young (EMEIA) Services Limited, a UK incorporated company limited by shares within the EY global network, for services provided by the company for the benefit of the EY global network was included in other operating income.

Pensions

The company operates a defined contribution scheme. Contributions to the defined contribution scheme are charged to the income statement when they become payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Staff costs

Amounts relating to staff costs are recognised as an expense in the income statement as incurred. Unpaid staff costs are included in trade and other payables.

Leases

The company 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.

i) Right-of-use assets

The company recognises 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 comprises the amount of lease liabilities recognised adjusted for prepayments. 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.

Right-of-use assets are included within 'property, plant and equipment assets' and are subject to impairment.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are fixed payments.

In calculating the present value of lease payments, the company uses its incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the remaining lease payments.

Lease liabilities are presented in a separate line of the balance sheet.

Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation.

Depreciation is charged so as to write off the cost of assets to their residual value over their expected useful lives using the straight-line method. The expected useful lives are as follows:

Leasehold property improvements	–	The shorter of the lease term and 10 years
Fixture and fittings	–	4 years
Computer equipment	–	3 years
Motor vehicles	–	4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognising the asset is included in the income statement. The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, at each financial period end.

Impairment of non-financial assets

The carrying value of non-financial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount of an asset (or associated cash generating unit) is higher than its recoverable amount an impairment loss is recognised in the income statement.

Investments

Investments in subsidiaries are carried at cost less provision for impairment.

Financial instruments

Financial instruments are recognised when the company becomes party to the contracts that give rise to them and they are derecognised on settlement. They are measured initially at fair value, normally being the transaction price. The subsequent accounting treatment depends on the classification of an instrument as set out below.

Trade and other receivables

Trade receivables represents the company'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).

Trade and other receivables are carried at amortised cost, which is equal to the original transaction amount, less a provision for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the company expects to receive.

Trade and other payables

Trade and other payables are carried at amortised cost, which generally approximates to their nominal amount.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

Cash

Cash comprises cash in hand and current balances with banks.

For the purpose of the cash flow statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of 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 amount of the provision represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, the expected future cash flows are discounted at a rate that reflects current market assessments of the time value of money and, where appropriate, risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a finance cost, and any increases due to revised estimates are recognised as an operating expense.

Share options

Employees (including directors) of the company receive remuneration in the form of share options, whereby employees render services as consideration for the right to purchase shares in the company at a pre-determined price on the sale of the company. The cost of these equity-settled transactions is determined by the fair value of the option at the date when the grant is made and is recognised within staff costs over the estimated vesting period (the estimated time until the sale of the company), together with a corresponding increase in retained earnings. The estimate of the remaining vesting period is revisited annually and the cumulative expense reflects the extent to which the vesting period has expired.

Significant estimates

The fair value of share options at the date when the grant is made is based on a valuation model where key assumptions include the value of the business and the risk that the options do not vest.

A change in these assumptions, or in the estimate of the vesting period, could have an effect on the expense recognised in the income statement.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Interest levied on unpaid tax is classified as a finance cost.

Deferred income tax assets are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Dividends

A liability is recognised to pay dividends to the shareholder when the dividend is appropriately authorised and no longer at the discretion of the company i.e. when dividends are approved by the shareholders.

Notes to the financial statements

at 3 July 2020

2. Significant accounting policies (continued)

Dividends (continued)

Dividends proposed or declared after the balance sheet date but before the financial statements are authorised, are not recognised but disclosed in the notes to the financial statements.

New and amended accounting standards and interpretations and other changes to the financial statements

A number of amendments and interpretations apply for the first time in the current period, but do not have an impact on the financial statements of the company.

Standards that are not yet effective

A number of standards and other pronouncements are in issue that are not yet effective, none of which are expected to have a material impact on the financial statements.

3. Revenue

Revenue is disaggregated based on the client's location as follows:

	18 months ended 3 July 2020 £k	*12 months ended 31 December 2018 £k*
United Kingdom	35,059	14,882
Asia	224	1,271
Europe	552	755
	35,835	16,908

4. Operating expenses

	18 months ended 3 July 2020 £k	*(Restated) 12 months ended 31 December 2018 £k*
People costs	28,982	13,812
Other operating expenses	6,022	1,451
	35,004	15,263

People costs include the cost of individuals whose services are recharged to the company by subcontractors, together with the costs of staff directly employed by the company as disclosed in note 5.

Notes to the financial statements

at 3 July 2020

4. Operating expenses (continued)

Included within other operating expenses are the following items:

	18 months ended 3 July 2020	*(Restated) 12 months ended 31 December 2018*
	£k	*£k*
Depreciation	224	181
Foreign exchange losses	64	10
Loss on disposal of subsidiary (note 10)	9	–

Fees payable to the company's auditor for the audit of the company financial statements were £45k (2018: £5k). No other services were provided by the auditor during the current period (2018: £5k).

5. Staff costs

The employment costs of staff (including directors) during the period were:

	18 months ended 3 July 2020	*(Restated) 12 months ended 31 December 2018*
	£k	£k
Salary and benefits	11,028	6,054
Social security costs	1,310	751
Other pension costs	794	438
	13,132	7,243

Average number of employees (excluding directors) during the period was:

	18 months ended 3 July 2020	*12 months ended 31 December 2018*
	No.	*No.*
Client service staff	59	58
Support staff	9	12
	68	70

Notes to the financial statements

at 3 July 2020

6. Directors' remuneration

A director of the company received remuneration, including pension contributions, in the current and preceding period. The other directors received no remuneration for their services as directors or their services in connection with the management of the company.

	18 months ended 3 July 2020	*12 months ended 31 December 2018*
	£k	*£k*
Directors' remuneration	8	38
Directors' pension contributions	2	7
	10	45

7. Finance costs

	18 months ended 3 July 2020	*(Restated) 12 months ended 31 December 2018*
	£k	*£k*
Interest payable on lease liabilities	4	7

8. Tax

(a) Tax on profit

	18 months ended 3 July 2020	*(Restated) 12 months ended 31 December 2018*
	£k	*£k*
Current tax:		
UK Corporation tax arising on profits in the period	55	164
Adjustments in respect of prior periods	–	66
Total current income tax	55	230
Deferred tax:		
Origination and reversal of temporary differences	7	(33)
Total deferred tax	7	(33)
Total tax charge in the income statement	62	197

Notes to the financial statements

at 3 July 2020

8. Tax (continued)

(b) Reconciliation of total tax charge

The table below explains the differences between the tax charge on continuing operations at the UK statutory tax rate for the financial period and the company's total tax charge for the financial period:

	18 months ended 3 July 2020	*(Restated) 12 months ended 31 December 2018*
	£k	*£k*
Profit before tax	1,959	1,023
Profit multiplied by rate of corporation tax in the UK of 19% (2018: 19%)	372	194
Effects of:		
Adjustments in respect of previous periods	–	66
Research and development enhancement relief	–	(60)
Tax relief on exercise of share options	(468)	–
Expenses not deductible for tax purpose	158	(3)
Total tax charge reported in the income statement	62	197

The main rate of corporation tax is 19%. The deferred tax asset has been calculated at a rate of 19% which is the rate prevailing in the period when the deferred tax asset is expected to be utilised.

(c) Deferred tax

The deferred tax asset/(liability) included in the balance sheet is as follows:

	3 July 2020	*(Restated) 31 December 2018*	*1 January 2018*
	£k	*£k*	*£k*
Accelerated capital allowances	(9)	(16)	(25)
Deferred pension contributions	10	–	–
Share options	–	24	–
	1	8	(25)

The deferred tax included in the income statement is as follows:

	18 months ended 3 July 2020	*12 months ended 31 December 2018*
	£k	*£k*
Decrease in accelerated capital allowances	7	9
Deferred pension contributions	10	–
Other timing differences	(24)	24
	(7)	33

Notes to the financial statements

at 3 July 2020

9. Property, plant and equipment

3 July 2020

	Leasehold improvements £k	*Fixtures and fittings £k*	*Motor vehicles £k*	*Computer equipment £k*	*Right-of-use assets-properties £k*	*Total £k*
Cost:						
At 1 January 2019	67	230	–	334	254	885
Additions	–	–	–	23	–	23
Disposals	(26)	(76)	–	(161)	–	(263)
At 3 July 2020	41	154	–	196	254	645
Depreciation:						
At 1 January 2019	36	155	–	286	94	571
Charge for the period	27	31	–	39	127	224
Disposals	(25)	(43)	–	(161)	–	(229)
At 3 July 2020	38	143	–	164	221	566
Net book value at 3 July 2020	3	11	–	32	33	79

31 December 2018 *(restated)*

	Leasehold improvements £k	*Fixtures and fittings £k*	*Motor vehicles £k*	*Computer equipment £k*	*Right-of-use assets-properties £k*	*Total £k*
Cost:						
At 1 January 2018	42	230	19	315	254	860
Additions	25	–	13	56	–	94
Disposals	–	–	(32)	(37)	–	(69)
At 31 December 2018	67	230	–	334	254	885
Depreciation:						
At 1 January 2018	21	130	8	266	–	425
Charge for the period	15	25	2	45	94	181
Disposals	–	–	(10)	(25)	–	(35)
At 31 December 2018	36	155	–	286	94	571
Net book value at 31 December 2018	31	75	–	48	160	314

Notes to the financial statements

at 3 July 2020

10. Investments in subsidiaries

	3 July 2020 £k	31 December 2018 £k	1 January 2018 £k
Subsidiary undertakings held at cost	1	10	10

Details of the subsidiary undertakings are as follows:

Subsidiary undertakings	*Country of incorporation*	*Nature of business*
AgilityWorks India Private Limited	India	Consultancy service provider
AgilityWorks PT, Unipessol Limitada	Portugal	Consultancy service provider

The decrease in the investment in subsidiaries of £9k relates to the sale of the Portuguese subsidiary AgilityWorks PT, Unipessol Limitada for £1 during the period.

Both subsidiaries were wholly owned in the prior period. The Indian subsidiary continues to be wholly owned in the current period.

The registered address of the Indian subsidiary is 779, Sector-15A, Faridabad, Haryana 121007, India. The registered address of the sold Portuguese subsidiary is Natura Towers, Rua Frederico George, n39, Alto da Faia Distrito: Lisboa Concelho: Lisoba Freguesia: Lumiar 1600 468 Lisbon, Portugal.

11. Trade and other receivables

	3 July 2020 £k	(Restated) 31 December 2018 £k	(Restated) 1 January 2018 £k
Unbilled receivables	908	1,271	341
Client debtors	5,944	2,835	2,772
Amounts due from EY network entities	1,085	–	–
Prepayments	253	90	74
Other receivables	30	56	19
	8,220	4,252	3,206

The restatement of prepayments is explained in Note 2.

Client receivables are shown net of an allowance amount for expected credit losses, movements on which are as follows:

	3 July 2020 £k	31 December 2018 £k
At beginning of period	1	–
New and additional provisions	739	1
Recoveries	(1)	–
At end of period	739	1

Notes to the financial statements

at 3 July 2020

12. Trade and other payables

	3 July 2020 £k	*31 December 2018 £k*	*1 January 2018 £k*
Trade payables	193	946	740
Accruals	1,209	915	449
Social security and other taxes	1,414	398	447
Payments on account	262	24	–
Amounts due to subsidiary undertakings	234	177	51
Amounts due to ultimate parent entity	1,690	–	–
Amounts due to parent entity	156	–	–
Amounts due to other EY network entities	1,485	–	–
Amounts due to directors	–	–	83
Other payables	437	57	45
	7,080	2,517	1,815

Payments on account comprise amounts billed in advance of services being provided.
All payments on account at the end of the preceding financial period were recognised as revenue in the current period.

13. Provisions

	3 July 2020 £k	*Paid £k*	*31 December 2018 £k*	*New/ increase £k*	*1 January 2018 £k*
Property provisions	51	(26)	77	25	52

Property provisions represent the estimated cost of dilapidations.

14. Dividends

	3 July 2020 £k	*(Restated) 31 December 2018 £k*
Interim dividend of £4,300 (2018: £1,800) per Ordinary B share	430	180
Dividend in specie of £nil (2018: £7,590) per Ordinary B share	–	759
	430	939

A dividend in specie of £759k was paid during the prior period, which consisted of £750k of cash and £9k of other net assets. The interim dividend during the current period was declared and paid prior to a re-designation of share capital (note 15).

Notes to the financial statements

at 3 July 2020

15. Share capital and share premium

Share capital allotted, issued and fully paid	*3 July 2020 No.*	*3 July 2020 £k*	*31 December 2018 No.*	*31 December 2018 £k*
Ordinary shares of £0.01 each	109,000	1	72,000	1
Ordinary A shares of £0.01 each	–	–	16,000	–
Ordinary B shares of £0.01 each	–	–	100	–
Ordinary C shares of £0.01 each	–	–	2,000	–
	109,000	1	90,100	1

During the period, the share capital was increased by £189 by the issue of 8,250 C and 10,650 D shares, of £0.01 each, following the exercise of share options by employees (note 17). The difference between the price paid and the nominal value of the shares is recorded in share premium.

Subsequently, all classes of shares in the capital of the company, including the newly issued shares, were re-designated as ordinary shares.

Each share carries one vote and has the right to receive dividends.

Share premium	*3 July 2020 £k*	*31 December 2018 £k*
At beginning of period	6	6
Cash on exercise of share options in excess of increase in share capital	227	–
At the end of the period	233	6

The company's objective when managing capital is to safeguard its ability to continue as a going concern. Capital is monitored by the directors to ensure this objective is met. No long-term financing is required by the company.

Notes to the financial statements

at 3 July 2020

16. Leases

The company has entered into two non-cancellable commercial properties' leases with a maximum remaining term of 3 months.

The carrying amounts of the lease liabilities and the movements during the current and preceding periods were as follows:

	3 July 2020	*(Restated) 31 December 2018*
	£k	*£k*
At beginning of period	149	238
Accretion of interest (Note 7)	4	7
Payments	(133)	(96)
At the end of the period	20	149
Current	20	129
Non-current	–	20
	20	149

The related right-of-use assets are disclosed in Note 9.

The company had total cash outflows for leases of £133k during the period (2018: £96k).

17. Share options

Under an equity-settled share-based remuneration scheme, share options to purchase shares in the company were issued in prior periods to employees of the company.

All share options granted in 2010, 2017 and 2018 were exercised during the period. All share options were exercisable at any time until 10 years following the grant date.

The expense arising from share options granted during the year was £233k (2018 restated: £123k).

The following table illustrates the number and movements in share options during the period:

Class of Share	*Date of Grant*	*Exercise Price £*	*3 July 2020 Number outstanding*	*Exercise of options*	*31 December 2018 Number outstanding*
C	2010	3.98	–	(1,650)	1,650
C	2017	33.42	–	(2,450)	2,450
C	2018	33.42	–	(4,150)	4,150
D	2017	0.01	–	(2,800)	2,800
D	2018	0.01	–	(7,850)	7,850
			–	(18,900)	18,900

The weighted average exercise prices of the C and D share options exercised during the period were respectively £27.53 and £0.01 per share.

Notes to the financial statements

at 3 July 2020

18. Financial instruments

Financial instruments give rise to credit, liquidity and foreign currency risks. The directors review and agree policies for managing these risks. Financial instruments are not used for speculative activity and complex financial instruments are avoided. Information about how these risks are managed is set out below:

Credit risk

Credit risk arises primarily from client debtors and unbilled receivables, other financial assets including cash and cash equivalents and other receivables.

The company has established procedures to minimise the risk of default by trade debtors, including detailed checks on credit standing within client acceptance and continuance procedures. Unbilled receivables are typically billed to clients within a month of arising and invoices are generally payable on presentation. The majority of the client debtors balance represents invoices issued less than three months before the period end, with £1,179k (2018: £nil) aged between three and six months and £751k (2018: £1k) aged in excess of six months.

Cleared funds held at banks are monitored daily and surplus funds are placed on overnight deposits.

Liquidity risk

Liquidity risk arises from the company's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables and lease liabilities, all of which are payable within one year. The company aims to maintain a balance between continuity of funding and flexibility through balances with related parties. These balances are considered more than adequate to finance variations in forecast working capital.

Foreign currency risk

Although most of the company's income and expenses are denominated in sterling, foreign currency risk arises from transactions denominated in other currencies. However, this risk is not considered to be material.

19. Related parties

Transactions and balances with the company's related parties are as follows:

	Income earned from related parties	*Purchases from related parties*	*Amounts owed to / (by) related parties*
	£k	*£k*	*£k*
2020			
Ernst & Young LLP (ultimate parent)	599	1,043	1,690
Ernst & Young Services Limited (parent)	–	156	156
Subsidiary undertakings	263	3,011	234

	Income earned from related parties	*Purchases from related parties*	*Amounts owed to / (by) related parties*
	£k	*£k*	*£k*
2018			
Ernst & Young LLP (ultimate parent)	–	–	–
Ernst & Young Services Limited (parent)	–	–	–
Subsidiary undertakings	227	1,575	177

Notes to the financial statements

at 3 July 2020

19. Related parties (continued)

Charges incurred by the company in respect of key management personnel, which comprises the directors and other members of senior management, were £1,200k (2018: £674k) representing short-term employee benefits of £1,164k (2018: £639k) and post-employment benefits £36k (2018: £35k).

Key management personnel interests in share option plans

Share options held by key management personnel to purchase ordinary shares have the following exercise prices:

Class of Share	*Date of Grant*	*Exercise Price £*	*3 July 2020 Number outstanding*	*31 December 2018 Number outstanding*
C	2017	33.42	–	2,150
C	2018	33.42	–	2,650
D	2017	0.01	–	1,800
D	2018	0.01	–	2,200
			–	8,800

Refer to Note 17 for further details on the scheme.

Unless otherwise stated, all receivable balances with related parties are non-interest bearing. No bad debt expense was recognised in the period in respect of related parties.

Except as disclosed above and elsewhere in the financial statements, there are no other related party transactions.

20. Ultimate parent undertaking

The company's immediate parent undertaking is Ernst & Young Services Limited, a company registered in England and Wales. The company's ultimate parent undertaking and controlling party is Ernst and Young LLP. Ernst & Young LLP is the parent undertaking of the smallest and largest group that consolidates these financial statements, copies of which are available from its registered office, 1 More London Place, London, SE1 2AF.

21. Post balance sheet events

On 7 May 2021, the company issued additional share capital to its sole shareholder, Ernst & Young Services Limited for a subscription price of £29.5m. In turn, on 7 May 2021, the company acquired 100% of Pythagoras Communications Limited for consideration of £29.7m. Pythagoras Communications Limited provides IT consulting services.

Additionally, on 22 May 2021, the company signed a sale and purchase agreement to acquire 100% of Lane4 Management Group Holdings Limited in July 2021 for consideration of up to £14.4m. Lane4 Management Group Holdings Limited specialises in transformation and culture change, leadership and learning and deliver top-down large-scale transformational projects.