

NATURE, ECOLOGY AND PEOPLE CONSULT

Skindergade 23, 3 th
1159 København K

Annual report
1 January 2015 - 31 December 2015

**The annual report has been presented and
approved on the company's general meeting the**

27/05/2016

Jan Peter Feil
Chairman of general meeting

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Company information

Reporting company NATURE, ECOLOGY AND PEOPLE CONSULT
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CVR-nr: 18044633
Reporting period: 01/01/2015 - 31/12/2015

Main financial institution Merkur Andelskasse

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CVR-nr: 10938694
P-number: 1000156094

Statement by Management

The Board of Executives and the Board of Directors have considered and approved the annual report for the financial year of 2015 for NEPCon. The annual report has been prepared in accordance with the Danish Financial Statement Act, class B. In our opinion, the accounting policies used are appropriate and the annual report gives a true and fair view of the Association's assets, liabilities, financial position and profit of the year. We recommend the annual report to be approved at the Annual General Assembly.

Copenhagen, the 13/05/2016

Executive board

Peter Feilberg

Justinas Janulaitis

Inga Tönisson

Hando Hain

Board of directors

Nicolai Andreas Clausen

Peter Michael Buron

Jonathan Lee Jickling

Elizabeth Jane Murphy

Mohammad Rafiq

Alexandra Lauren Banks

Debora van Boven-Flier

Independent Auditor's Reports

To the board of NEPCon

Report on financial statements

We have audited the financial statements of NATURE, ECOLOGY AND PEOPLE CONSULT for the financial year 1. January 2015 - 31. December 2015, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Executive and supervisory board's responsibility for financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The audit has not resulted in any qualification.

Description of qualifications

Basis for Qualified Opinion

Referring to note 2 regarding subsidiary companies, we make our reservations for the valuation of the subsidiary companies, due to lack of audit evidence.

Qualified Opinion

Apart from the abovementioned qualification, in our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31. December 2015 and of its financial performance for the financial year 1. January 2015 - 31. December 2015, in accordance with the Danish Financial Statements Act.

Reports on other legal and regulatory requirements

Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Østbirk, 13/05/2016

Claus Elley
Registreret revisor
ELLEY REVISION, REGISTRERET REVISIONSANPARTSSELSKAB
CVR: 10938694

Management's Review

Main activities

NEPCon is a non-profit, mission driven organisation with a focus on enabling and building a more sustainable future. This is mainly done in the context of natural resource management and using the tools of capacity building, training, certification and verification. NEPCon has adopted a vision, mission and a set of guiding principles that reflect our organisational culture and values:

NEPCon's vision is a world where human choices ensure a sustainable future.

NEPCon's mission is to build capacity and commitment for mainstreaming sustainability.

Throughout the years, NEPCon has operated based on a set of guiding principles, which have slightly evolved during the past decade. Various management decisions are made in the context of these principles and they also reflect the values of the organisation. Within the latest long-term strategy development in 2014, these principles were collectively named The NEPCon Way.

The NEPCon Way

Our work – Services and projects with high potential for change

- We choose our activities based on transparency, credibility and potential for change
- We seek to be at the forefront of technical innovation to enhance our activities
- We engage in improving the standards and governance of the systems we work with
- We engage in projects targeted to promote and support sustainable development

Reach and Impact – Expanding consciously into mission critical areas

- We seek to expand in regions and market segments with highest potential for impact
- We aim to minimize system costs while maximising the impact and credibility
- We develop and implement systems to monitor the impacts of our activities
- We seek to add value by addressing the needs and gaps in global sustainability efforts

Brand and Networks – Innovative leadership in mainstreaming sustainability

- We openly share our expertise, knowledge and tools to mainstream sustainability
- We nurture and expand our networks among responsible businesses, consumer organisations and NGOs
- We operate ourselves according to the sustainability principles we promote
- We observe ethical business practices, expecting same from our clients and partners

The Organisation – Passionate people in supportive organizational framework

- We strive to be a financially healthy organisation to better fulfil our mission
- We seek and engage passionate and positive staff with high integrity
- We reward engagement, execution and excellence
- We continuously support the professional and personal development of our people

The surplus revenue (profit) from NEPCon's activities will be reinvested in activities, which support the above-mentioned objectives. The Association also aims to accumulate the surplus to a certain level of retained earnings (equity) in order to be financially stable and secured against possible economic fluctuations in the long term.

Development in activities and economic conditions

2015 financial result and development

The Association's surplus revenue for the year 2015 amounts to DKK 2.532.089 which is significant more than in years 2011- 2014. A major factor enabling to reach this positive trend is getting former loss-generating units reorganised and operating with better and better results every year. As always, surplus revenue of the year will be transferred into the fund for non-profit purposes.

Since the establishment of NEPCon the accumulated surplus transferred to fund for non-profit purposes amounts to DKK 8.059.821 and resources utilised from this fund to DKK 1.489.939 (see the equity section in the Balance Sheet and Note 3 of financial statements). As of 31.12.2015 the net balance of the fund for non-profit purposes was DKK 6.569.882 (31.12.2014: DKK 4.977.778).

In addition, the equity of NEPCon group includes accumulated surplus revenues of subsidiaries in amount of DKK 1.845.328 (31.12.2014: DKK 1.221.375) and the Association's main capital in the amount of DKK 3.816. Thus the total equity capital of the NEPCon Group is DKK 8.419.028 as of 31.12.2015 (DKK 6.202.970 as of 31.12.2014 and DKK 4.886.998 as of 31.12.2013) (see the equity section in the Balance Sheet and Note 3 of the financial statements). Referring back to NEPCon's year 2020 strategical target – to accumulate equity capital to the level of 6 months operating costs as a stability reserve - the 2015 year-end equity status indicates that the organisation is on track in moving towards the target.

The NEPCon group 2014 financial result has been influenced by continued effort towards launching new services as well by strengthening internal tools and systems (IT platform and other). An achievement marking new era in NEPCon's operations is preparing for and obtaining own accreditations for FSC and PEFC FM during the year 2014. In addition, several re-structuring measures have started to show their positive effect on the financial performance of several regional offices in 2014. Year 2014 has also been remarkable by significantly increased fundraising and project implementation work. Great developments continued in 2015 – we saw exceptional growth in donor funded project activities and success in getting new grants for further projects with the period up to 2-3 years into future. Similarly, in 2015 NEPCon also experienced highest net growth (new certificates minus terminated certificates) in the history within certification service area.

In connection to the development work made during the years 2011-2015 for additional services, accreditations, website, tools and systems NEPCon has capitalised the costs related to these efforts in balance sheet as intangible non-current assets. In year 2015 the main development focus has been improving our operations management system Salesforce, streamlining of NEPCon Forest Legality Programme (LegalSource certification, gap analysis, risk assessments and other related services) and reaching the recognition (accreditation) for providing Sustainable Biomass Partnership (SBP) certification.

As of 31.12.2014 the net balance of capitalised development costs was DKK 3.742.931 (see non-current assets' section in Balance Sheet) whereas the development work done in 2014 amounted to DKK 772.509. In 2015 further development expenditures were capitalised in amount of DKK 624.803 and net balance of capitalised development costs amounted to DKK 3.396.401 after annual amortisation deductions. Capitalised development costs are amortised (written off to expenses) within 5 years from their recognition in assets.

The revenues of NEPCon group in total have increased by 14% from 2014 to 2015 (12% increase from 2013 to 2014 and from 2012 to 2013). Biggest proportion of this has been projects work including both activities funded by public funding agencies (EU Commission, DFID, Danida, NOPEF etc) as well activities funded by private donors.

The total revenues of NEPCon group, including its twelve active subsidiary organisations, amounted to 36.52 million DKK in 2015 (32.05 million DKK in 2014, 28.70 million DKK in 2013, 25.57 million DKK in 2012) (excluding certification administration, FSC accreditation fees and intra-group transactions).

The results of the subsidiary organisations have been incorporated into the current financial statements based on the annual financial reports of the NEPCon subsidiaries. As the result of internal controls towards the subsidiaries' accounts NEPCon consider the information provided by the subsidiaries as materially correct and sufficient.

Management

NEPCon's management group consists of an Executive Director, a Financial Director, an Operations Director and a Programme Director who together assume the overall responsibility for the management of the Association.

Branch organisations are organised as Regional Offices with their own managers, who refer to the Operations Director.

The Head Office functions now consist of the management group as well as 8 support managers and 5 programme managers.

Programmes and development

In 2015 as it was also in 2014, NEPCon further scaled up its client base within existing activities and also expanded its service portfolio geographically and in terms of services delivered. Within our traditional service areas of FSC and PEFC certification, we experienced very good growth in 2015. In addition to those existing certification services a new programme for biomass certification – Sustainable Biomass Partnership (SBP) certification – was launched in 2015.

In October 2014, NEPCon received its own FSC accreditation and the process of transferring all FSC client in Europe and Russia from our partner Rainforest Alliance to NEPCon, was initiated late in 2014 and completed in 2015.

Year 2015 was particularly significant in terms of strengthening quality of internal processes related to provision of services and improving support systems, namely Salesforce functionality.

Projects and Fundraising

Projects & Fundraising work as a unit in NEPCon with the objective to develop innovative projects that support the development of NEPCon's services, as well as to support NEPCon's overall mission to promote the sustainable management and use of forests and other natural resources. During 2015, NEPCon has signed 27 contracts to implement projects from 2015 and onwards worth approximately 3.7 million EUR.

The 3-year project "Increasing capacity of CSOs and SMEs to implement FLEGT requirements" mainly funded by the European Commission in Vietnam was continued throughout 2015. The aim of the project is to develop tools for local small and medium sized enterprises (SMEs) in order to address the risk of sourcing illegal timber for wood processing. NEPCon also received support from NOPEF and the Danish MoE to establish a legal entity in Vietnam.

NEPCon has worked with training, risk assessments, information sharing and other work related to support legal trade and thereby the EUTR and FLEGT process. Gabon, Congo, Philippines, and Malaysia are among the countries where activities are conducted. Another project to establish National Risk Assessments for controlled wood and legal timber sourcing for a number of countries on behalf of FSC International is in process. These results are made available on the Global Forest Registry (www.globalforestregistry.org). NEPCon continuously maintains and further develops this site and aims to make information available for all important timber producing countries of the world. Furthermore, these risk assessments help to prepare easily accessible country risk profiles with concise information that facilitates low risk timber trade.

By the end of 2015, NEPCon was granted one million euros of funding from the UK Development Aid (DFID) for a 2.5 year project "Filling the FLEGT information GAP". This project supports the development of legal risk assessments and tools to be shared with the industry sourcing timber from timber producing countries. The aim is to promote information and capacity which enables importers to trade timber with a low risk of legal violations.

Through funding from DANIDA, the work with risk assessments has been expanded to also cover sourcing of palm oil, cattle (beef and skin), and soy. Targeted to the Danish industry the project seeks to develop tools for companies to promote crops where there is a low risk to violate social and environmental sustainability.

In 2015 NEPCon was the world's first organisation to be approved by SBP as certifier. NEPCon has also cooperated with Sustainable Biomass Partnership in testing the SBP standard in Lithuania, Estonia and Latvia. Stakeholders were engaged to comment on the results, which indicated several important areas of high risk to violate the requirements. The SBP standard is an important initiative to support the use of certified timber as source for biofuel and thereby increase sustainability in the sector.

A project to improve livelihoods through better natural resource management in Kenya together with Zeitz Foundation started early 2015 and has started to address improved agricultural techniques. This includes watering based on rainwater reservoirs to mitigate climate change. The project also works with restoration of degraded lands and market linkage between farmers and the consumer market in Kenya and Scandinavia.

Another important UNDP financed project began in Malaysia. This project supports the management of protected areas in the country. This includes the development of business and improved management plans, stakeholder involvement and an assessment of training and capacity needs.

Communications

During 2015, Communications unit conducted the following main activities:

- *Online presence & Social media:* Since Communications unit was understaffed in 2015, main focus was placed on maintaining and updating the content of our website. Our use of Twitter was increased, so we were posting a bit more frequently, although still with a minimum of effort. By end of December 2015, NEPCon has 540 followers on Twitter.
- *Press engagement:* 2015 is a year of many media outreach achievements with NEPCon. We have produced a few articles on timber legality that have been shared with and published by local media in various European and Asian countries. In addition, we have gained several media coverage (print, radio, television) for our work in Vietnam and Malaysia and during the issuance of the first SBP certificate.
- *News work:* Communications' time for news work was scarce in 2015. Still, four NEPCon newsletters were produced during the year, and the subscriber base has been increasing. Since June 2015, we have switched to use iContact with integration into Salesforces as a tool to disseminate the newsletters and monitor the subscribers' interaction. Some of the individual articles produced in this year were the most popular ever published by NEPCon, such as the one on EUTR after two year of implementation
- *Publications:* A number of new publications were produced, ranging from presentations and leaflets to fact sheets and info sheets. This year, we have produced the first short video to promote our FSC training course. A number of existing publications were revised.
- *Quality assurance & internal support:* Communications continued to conduct quality assurance of public facing documents and provide PR support across the organisation. Communications also provided support to a range of internal 'clients', including management, service managers, Projects & Fundraising and Regional Offices. One crash course focusing on improving news writing skills was conducted in late December 2015.
- *Communications strategies and guidelines:* NEPCon communications strategy for the period of 2016-2020 and Communications Handbook outlining key communication procedure were drafted in 2015 and are expected to publish in the following year.

Regional Offices

2015 was a successful and also challenging year to most regional offices in NEPCon. During the year regional offices faced major positive changes due to increased focus on performance indicators. A few examples of key performance indicators that improved significantly are Chain of Custody and Forest Management audit reporting periods. Moreover, audits in 2015 were implemented much earlier (compared to target date) than in previous years and 34% of all audits were initiated even before fieldwork target date compared to 15% in 2013. Other statistical indicators have also improved significantly.

2015 was also important year for NEPCon in starting a new service – Sustainable Biomass Partnership (SBP) certification. SBP is a unique certification scheme designed for woody biomass, mostly in the form of wood pellets and wood chips, used in industrial, large scale energy production. Even considering that this is very new certification scheme NEPCon has managed to adjust the system very fast and on 9th September, 2015 became the first approved certification body for SBP in the world. The same month first two SBP certificates were issued.

Year 2015 was successful also in forest management certification. Regional office in Russia succeeded to win a tender for biggest FM certificate in NEPCon history. The largest timber holding in Russia – Ilim Group has accepted NEPCon as their service provider not only for FSC Forest management certification, but also for PEFC and LegalSource certification. Ilim Group manages more than 5 million ha of forest and with this big forest management certification, NEPCon managed to exceed the level of 18 million FSC certified hectares in Russia and almost reached 25 million hectares of FSC certified forest in total.

2015 was also successful in terms of overall certificate growth resulting in net increase of 330 FSC certificates. This is the biggest net annual growth in NEPCon history. By the end of 2015 NEPCon had 1553 active FSC certificates. Biggest offices were RO Poland - 522 different types of certificates, RO Lithuania – 289, RO Denmark – 280, RO Russia – 179.

NEPCon's expansion in SE Asia was also successful though regional office in Malaysia. In 2015 the first forest management certificate (56 440 ha) in Indonesia was issued. Besides this, it was decided to continue expansion and open two new offices in Vietnam. One office located in Hanoi will be NGO affiliate for project related activities, while the second one in Ho Chi Minh City is planned for billable certification services and therefore will follow the same legal form as the rest of NEPCon regional offices - a limited liability company.

Successful growth in certification and verification services as well focus on performance has led to improved financial result from regional offices.

Extraordinary events

No extraordinary events occurred during the reporting period.

Distribution for non-profit purposes

In 2015, the Association has utilised DKK 424.025 for non-profit purposes (in 2014: DKK 64.336), total accumulated distributions since the establishment of NEPCon amount to DKK 1.489.941. The remaining surplus revenues have been reserved for building up a bigger equity capital in order for NEPCon to maintain good financial stability and to be secured against any possible unexpected fluctuations in the operations.

Events after closing of the accounts

Events subsequent to the balance sheet date

In December 2015 a new legal entity - NEPCon Certificering ApS – was established in Denmark for providing assurance services in Nordic countries (Denmark, Sweden, Norway, and Finland). Similar to all other NEPCon subsidiaries it is a limited liability company owned 100% by NEPCon group parent organisation. In January 2015 the new legal entity successfully started its operations.

There have not been any other significant events subsequent to the balance sheet date embracing our evaluation of the financial statements of the company.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

General

Accounting Principles

The financial statements of NEPCon for the financial year 2015 have prepared in accordance with the Danish

Financial Statements Act, class B. The accounting policies applied are unchanged from last year.

Basis of preparation

Income is recognized in the income statement as earned. Value adjustments of financial assets and liabilities are measured at fair value or amortized cost.

Costs incurred to obtain earnings for the year are recognized in the profit and loss account. This also includes

depreciations and devaluations, provisions and reversals due to changes in accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the balance sheet when it is deemed likely that future economic benefits will accrue to the Association and the value of these assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is deemed to arise and when reliable measurement is possible.

At the first recognition, assets and liabilities are measured at cost value. Subsequently, the assets and liabilities will be measured as described below.

Certain financial assets and liabilities are measured at amortized cost by what means recognition of a constant net yield over the maturity. Amortized cost is stated as original cost value less repayment and addition/deduction of the accumulated amortization of the difference between cost value and nominal amount.

On recognition and measurement, allowance is made for any gains, losses and risks that arise before presentation of the annual report and which confirm or deny matters that existed at the balance sheet date.

Income statement

Net sales

Net sales includes the sale of consultancy and other services recognized in the financial statements, providing risks are transferred to the buyer at the end of the financial year.

Concerning projects, sales are accrued for projects that are not completed at the end of the financial year.

Net sales also include the group administration and other services provided to subsidiary companies.

Various costs

Various costs include travel expenses, staff costs, marketing and administration.

Financial revenues and expenses

Financial revenues and expenses include interests on receivables and payables. Furthermore, financial revenues and expenses include costs incurred on finance leases, realized and unrealized value adjustments concerning securities, debt and transactions in foreign currencies.

Financial revenues and expenses are recognized in the profit and loss account in the amounts relating to the financial year.

Distribution to non-profit purposes

NEPCon distributes funds for non-profit purposes. From 2007 and onwards the registration of non-profit distributions is made through net capital from designated fund for non-profit purposes.

The fund for non-profit purposes consists of accumulated surplus revenues of all years excluding the surplus revenues of subsidiaries. Accumulated surplus revenues of subsidiaries are accounted separately in the reserve of net revaluation of subsidiaries' value according to the equity method. Dividends paid from subsidiaries to parent organisation (NEPCon Danish entity) reduce the reserve of net valuation according to the equity method and increase the fund for non-profit purposes.

The fund for non-profit purposes reduced by actual amounts distributed for non-profit purposes principally reflects the equity of NEPCon Danish entity without the value of subsidiaries.

Capitalization of development costs

Costs incurred in the course of developing new services, tools and other major assets used over the longer period in the future (e.g. new website, services, IT platforms etc) are capitalized as assets in the balance sheet. The capitalized costs include staff working time measured at direct employment costs plus a reasonable overhead as well all external expenses made in the course of development activities.

Balance sheet**Long-term financial investments**

Investments in subsidiaries are recognized in the balance sheet according to the equity-method.

Work in progress and debtors

Work in progress is measured at the expenses incurred inclusive overhead with a quota of the profit.

Receivables from debtors are measured at amortized cost, which usually corresponds to the nominal value.

Value is reduced by provisions for bad debts.

Accruals

Accruals recognized under assets include costs incurred concerning subsequent financial years. Accruals recognized under liabilities include accruals of income in subsequent periods, mainly advance payments from clients and project donors.

Liabilities

Financial liabilities are recognized initially at the proceeds received less transaction costs incurred.

Subsequently, liabilities are measured at amortized cost.

Foreign currency transactions

Transactions in foreign currencies are converted using the exchange rate at transaction date. Occurred exchange rate differences between the transaction date and the payment date are recognized in the profit and loss account as a financial item.

For the currency exchanges carried out to protect future cash flows, the valuation adjustments are recognized on the net capital and reserves.

Receivables, liabilities and monetary items, which are accounted on the balance sheet date are measured at the rate ruling at balance sheet date. Any differences between the exchange rate at balance sheet date and the exchange rate at the time when the associated transaction was incurred, is recognized in the profit and loss account as financial items.

Tangible non-current assets purchased in foreign currencies are measured at the exchange rates at the transaction date.

Income statement 1 Jan 2015 - 31 Dec 2015

	Disclosure	2015 kr.	2014 kr.
Revenue		32,898,335	27,127,858
External expenses		-19,696,399	-17,087,079
Gross Result		13,201,936	10,040,779
Employee expense	1	-11,396,280	-9,681,721
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-1,084,817	-726,002
Profit (loss) from ordinary operating activities		720,839	-366,944
Income from other investments and receivables that are fixed assets		1,861,672	1,904,912
Other finance income		197,897	181,531
Other finance expenses		-197,967	-248,071
Profit (loss) from ordinary activities before tax		2,582,441	1,471,428
Tax expense		-50,352	-91,126
Profit (loss)		2,532,089	1,380,302
Proposed distribution of results			
Reserve for net revaluation according to equity method		1,861,669	1,904,912
Retained earnings		670,420	-524,610
Proposed distribution of profit (loss)		2,532,089	1,380,302

Balance sheet 31 December 2015

Assets

	Disclosure	2015 kr.	2014 kr.
Development projects in progress and prepayments for intangible assets		3,396,403	3,742,931
Intangible assets		3,396,403	3,742,931
Fixtures, fittings, tools and equipment		301,260	188,543
Property, plant and equipment		301,260	188,543
Investments in group enterprises		3,174,881	2,695,950
Other investments		312,165	470,982
Investments	2	3,487,046	3,166,932
Total non-current assets		7,184,709	7,098,406
Trade receivables		1,296,673	1,445,422
Contract work in progress		2,985,584	1,791,175
Receivables from group enterprises		4,094,693	2,531,860
Other receivables		528,178	604,449
Receivables		8,905,128	6,372,906
Cash and cash equivalents		611,727	293,324
Current assets		9,516,855	6,666,230
Total assets		16,701,564	13,764,636

Balance sheet 31 December 2015

Liabilities and equity

	Disclosure	2015	2014
		kr.	kr.
Contributed capital		3,814	3,814
Reserve for net revaluation according to equity method		1,845,329	1,221,376
Reserve according to articles of association		8,059,821	6,151,686
Distributions		-1,489,939	-1,173,909
Total equity	3	8,419,025	6,202,966
Debt to banks		429,604	1,393,600
Payables to group enterprises		453,630	646,601
Long-term liabilities other than provisions, gross	4	883,234	2,040,201
Debt to banks		112,528	139,974
Prepayments received from customers		2,654,982	1,306,071
Trade payables		2,000,389	2,043,344
Payables to group enterprises		1,408,695	1,035,781
Other payables, including tax payables, liabilities other than provisions		1,222,711	996,299
Short-term liabilities other than provisions, gross		7,399,305	5,521,469
Liabilities other than provisions, gross		8,282,539	7,561,670
Liabilities and equity, gross		16,701,564	13,764,636

Disclosures

1. Employee expense

	2015	2014
	kr.	kr.
Wages and salaries	11.258.629	9.560.458
Pensionscontributions	0	0
Social charges and costs	137.651	121.263
	11.396.280	9.681.721

Significant part of staff and consultant costs have been used for developing new tools (IT platform Salesforce) and services (Legality, SBP and RSPO programme development). Therefore these expenditures in total amount of dkk 624.804 (in 2014 dkk 772.509) have been capitalized as intangible assets.

In Denmark, there was a full-time average of 17 employees in 2015 (in 2014: 16).

2. Investments

	Investments in group enterprises kr.
Cost, beginning of year	1.474.580
Increase	50.000
Decrease	-195.029
Cost, end of year	1.329.551
Net revaluations, beginning of year	1.221.376
Share of profit (loss), see disclosure	1.861.672
Distributed dividends	-1.237.718
Net revaluations, end of year	1.845.329
Carrying value, end of year	3.174.881
Carrying value of recognized goodwill	0

Investments in group enterprises include:

Name, legal form and homeplace	Ownership	Equity	Profit (loss)
NEPCon SIA, Latvia	100%	511.870	307.700
NEPCon OU, Estonia	100%	813.525	152.483
NEPCon Sp zoo, Poland	100%	1.334.449	591.380
NEPCon OOO, Russia	100%	692.854	257.005
NEPCon LT UAB, Lithuania	100%	343.302	110.583
NEPCon Asia OOO, Russia	100%	0	0
NEPCon UK Ltd., Great Britain	100%	69.444	306.381
NEPCon Spain S.L., Spain	100%	-492.604	-144.597
Nature, Ecology & People Consult Sweden AB, Sweden	100%	53.792	79.330
NEPCon Bulgaria EOOD, Bulgaria	100%	-260.063	193.822
NEPCon Group s.r.o., Czech Republic	100%	39.390	871
NEPCon Sertifikasyon Hizmetleri Limited Sirketi, Turkey	100%	0	-13.208
NEPCon Certificering ApS, Copenhagen Denmark	100%	50.000	0
Nature Ecology and People Consult Sdn Bhd, Malaysia	100%	19.922	19.922

3. Total equity

	Contributed capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend	Total
	kr.	kr.	kr.	kr.	kr.
Balance, beginning of year	3.814	1.221.376	6.151.686	-1.173.909	6.202.967
Distributed ordinary dividends	0	-1.237.718	1.237.718	-316.030	-316.030
Profit (loss)	0	1.861.671	670.417	0	2.532.088
Equity, end of year	3.814	1.845.329	8.059.821	-1.489.939	8.419.025

4. Long-term liabilities other than provisions, gross

	Total debt, end of year	Repayments, next year	Longterm share	Outstanding debt after 5 years
	kr.	kr.	kr.	kr.
Credit institutions	542.132	112.528	429.604	0
Payables to subsidiaries	453.630	0	453.630	0
	995.762	112.528	883.234	0

The overdraft loan has been granted to the Association in July 2011 by our main bank Merkur, Den Almennyttige Andelskasse and guaranteed by Danish development agency Vaekstfonden at the level of 75% from total credit. The credit facility is used for covering the development costs of new services, tools and website.

Maximum available sum of the credit as of 31.12.2015 was 2.058.198 DKK (initial contractual sum 3.259.996 DKK). The contractual loan period is 10 years up to July 2021. Interest payable to the bank has been charged at 6.6-7.6% (from 2016 onwards 5,7%) p.a. and is paid quarterly.

5. Disclosure of mortgages and collaterals

The association does not have any contracts of guarantee or any pledges given. Regarding the liabilities the organisation has received the guarantee from Danish Vaekstfonden as the collateral for the bank loan described in note 4.