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# ***Collectia CMS A/S***

Herstedøstervej 27-29, DK-2620 Albertslund

## **Annual Report for 1 January - 31 December 2016**

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CVR No 20 01 53 81

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/03 2017

Christian la Cour  
Chairman



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Collectia CMS A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Albertslund, 30 January 2017

## Executive Board

Christian la Cour Valentin  
CEO

## Board of Directors

Jesper Gunni Winther

Christian Houmøller  
Schjerning

Christian la Cour Valentin

# Independent Auditor's Report

To the Shareholder of Collectia CMS A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Collectia CMS A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the 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 financial statements that are free from material misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the financial statements, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a

# Independent Auditor's Report

manner that gives a true and fair view.

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

Hellerup, 30 January 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild  
State Authorised Public Accountant

Lasse Hartlev  
State Authorised Public Accountant

## **Company Information**

### **The Company**

Collectia CMS A/S  
Herstedøstervej 27-29  
DK-2620 Albertslund

Telephone: + 45 77301400

Facsimile: + 45 77301425

Website: [www.collectia.dk](http://www.collectia.dk)

CVR No: 20 01 53 81

Financial period: 1 January - 31 December

Municipality of reg. office: Albertslund

### **Board of Directors**

Jesper Gunni Winther  
Christian Houmøller Schjerning  
Christian la Cour Valentin

### **Executive Board**

Christian la Cour Valentin

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	11.956	8.650	5.216	5.617	5.842
Profit/loss before financial income and expenses	11.956	8.650	5.216	5.617	5.842
Net financials	-85	-772	-1.022	-905	-546
Net profit/loss for the year	9.383	6.030	3.224	3.330	3.940
<b>Balance sheet</b>					
Balance sheet total	109.503	95.855	119.034	138.801	119.426
Equity	74.796	65.413	59.383	56.159	52.829
Number of employees	51	45	40	39	43
<b>Ratios</b>					
Return on assets	10,9%	9,0%	4,4%	4,0%	4,9%
Solvency ratio	68,3%	68,2%	49,9%	40,5%	44,2%
Return on equity	13,4%	9,7%	5,6%	6,1%	14,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



## **Management's Review**

Financial Statements of Collectia CMS A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Main activity**

Collectia CMS A/S is one of Denmark's leading credit management services companies and offers services in outsourcing of debt management, debt collection and debt purchase. Together with our partnering law firm Burmeister we are about 140 employees, which makes us one of Denmark's largest debt collection companies. Today, we serve approximately 6,000 Danish and international clients, including several of Denmark's largest businesses within the fields of telecom, energy, media, parking and banking. We have more than 18 years of experience and are ISO 9000:2008 certified. In addition, we strive to provide a professional, ethical and high quality treatment of our clients' collection cases. At Collectia we work in accordance with our six values; respect, passion, honesty, excellence, innovation and fun. These values define who we are and help to determine how we act.

Specialties:

Debt collection, debt & credit management, reminder service, consulting, billing service, factoring, credit scoring and IT.

### **Development in the year**

The income statement of the Company for 2016 shows a profit of DKK 9,382,726, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 74,795,908.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
<b>Gross profit/loss</b>		<b>35.961.997</b>	<b>30.814.143</b>
Staff expenses	1	-24.006.106	-22.164.496
<b>Profit/loss before financial income and expenses</b>		<b>11.955.891</b>	<b>8.649.647</b>
Financial income		768	0
Financial expenses	2	-86.126	-772.067
<b>Profit/loss before tax</b>		<b>11.870.533</b>	<b>7.877.580</b>
Tax on profit/loss for the year	3	-2.487.807	-1.847.511
<b>Net profit/loss for the year</b>		<b>9.382.726</b>	<b>6.030.069</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	40.000.000	0
Retained earnings	-30.617.274	6.030.069
	<b>9.382.726</b>	<b>6.030.069</b>

## Balance Sheet 31 December

### Assets

	Note	2016 DKK	2015 DKK
Investments in subsidiaries	4	274.403	0
Deposits	5	0	687.564
<b>Fixed asset investments</b>		<b>274.403</b>	<b>687.564</b>
<b>Fixed assets</b>		<b>274.403</b>	<b>687.564</b>
Trade receivables		10.053.651	9.762.208
Contract work in progress	6	16.048.907	10.723.369
Receivables from group enterprises		0	1.291.501
Other receivables	7	35.358.767	59.921.066
<b>Receivables</b>		<b>61.461.325</b>	<b>81.698.144</b>
<b>Cash at bank and in hand</b>		<b>47.767.725</b>	<b>13.469.688</b>
<b>Currents assets</b>		<b>109.229.050</b>	<b>95.167.832</b>
<b>Assets</b>		<b>109.503.453</b>	<b>95.855.396</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		700.000	700.000
Retained earnings		34.095.908	64.713.183
Proposed dividend for the year		40.000.000	0
<b>Equity</b>	8	<b>74.795.908</b>	<b>65.413.183</b>
Provision for deferred tax		3.399.847	2.335.572
<b>Provisions</b>		<b>3.399.847</b>	<b>2.335.572</b>
Trade payables		3.131.275	5.026.566
Payables to group enterprises		679.000	1.074.503
Corporation tax		59.245	0
Other payables		27.438.178	22.005.572
<b>Short-term debt</b>		<b>31.307.698</b>	<b>28.106.641</b>
<b>Debt</b>		<b>31.307.698</b>	<b>28.106.641</b>
<b>Liabilities and equity</b>		<b>109.503.453</b>	<b>95.855.396</b>
Contingent assets, liabilities and other financial obligations	9		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	700.000	64.713.182	0	65.413.182
Net profit/loss for the year	0	-30.617.274	40.000.000	9.382.726
<b>Equity at 31 December</b>	<b>700.000</b>	<b>34.095.908</b>	<b>40.000.000</b>	<b>74.795.908</b>

# Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	20.566.374	19.126.148
Pensions	1.294.300	1.199.711
Other social security expenses	324.478	349.676
Other staff expenses	<u>1.820.954</u>	<u>1.488.961</u>
	<b><u>24.006.106</u></b>	<b><u>22.164.496</u></b>
<b>Average number of employees</b>	<b><u>51</u></b>	<b><u>45</u></b>
<b>2 Financial expenses</b>		
Interest paid to group enterprises	0	654.547
Other financial expenses	<u>86.126</u>	<u>117.520</u>
	<b><u>86.126</u></b>	<b><u>772.067</u></b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	1.423.532	1.899.975
Deferred tax for the year	1.064.275	25.237
Adjustment of tax concerning previous years	<u>0</u>	<u>-77.701</u>
	<b><u>2.487.807</u></b>	<b><u>1.847.511</u></b>

## Notes to the Financial Statements

	2016 DKK	2015 DKK
<b>4 Investments in subsidiaries</b>		
Cost at 1 January	0	0
Additions for the year	274.403	0
Cost at 31 December	274.403	0
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
<b>Carrying amount at 31 December</b>	<b>274.403</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Ejendomsselskabet Collectia ApS	Denmark	100%
Collectia CMS AB	Sweden	100%
Collectia CMS GMBH	Germany	100%

All companies were established in December 2016. At the time of financial reporting, no financial statements have been published.

### 5 Other fixed asset investments

	2016 DKK
Cost at 1 January	687.564
Additions for the year	35.944
Transfers for the year	-723.508
Cost at 31 December	0
Revaluations at 1 January	0
Revaluations at 31 December	0
Impairment losses at 1 January	0
Impairment losses at 31 December	0
<b>Carrying amount at 31 December</b>	<b>0</b>

## Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
<b>6 Contract work in progress</b>		
Selling price of work in progress	<u>16.048.907</u>	<u>10.723.369</u>
	<b><u>16.048.907</u></b>	<b><u>10.723.369</u></b>

### 7 Other receivables

Other receivables comprise payments to customers concerning so-called warranty portfolios and upfront agreements which are returned as the portfolios are collected. The receivable in question is thus recognised as money is collected from the debtors. The receivable has been calculated on the basis of the payments made under warranty schemes and upfront agreements and reflects the amounts which the Company expects to collect in the foreseeable future.

Receivables from warranty schemes and upfront agreements are measured at cost. Provisions for bad debts are made based on an impairment assessment of a group of receivables. The receivables are written down to net realisable value if lower than carrying amount.

### 8 Equity

The share capital consists of 700 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.



## Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
<b>9 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.046.983	786.778
Between 1 and 5 years	<u>628.292</u>	<u>733.211</u>
	<b><u>1.675.275</u></b>	<b><u>1.519.989</u></b>
Rental, within 6 months	888.269	867.251
<b>Other contingent liabilities</b>		
Payment guarantee	5.000.000	5.000.000

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Collectia CMS A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Leases**

Leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

# Accounting Policies

## Income Statement

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Revenue

The Company's services comprise outsourcing services, including credit rating, debt management, debt purchase and debt collection. Income from services is recognised as revenue as the service is delivered.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## **Accounting Policies**

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

### **Balance Sheet**

#### **Investments in subsidiaries**

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

#### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

#### **Contract work in progress**

Services in progress are measured at the selling price of the work performed. The stage of completion is determined by the proportion that the direct and indirect costs incurred bear to the total expected costs.

#### **Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## Accounting Policies

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$