# Reputation Institute ApS

**Borgergade 24, 3., 1300 København K**

**Company reg. no. 28 27 95 07**

## Annual report

## 1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 31 May 2016.

Frederik Bruhn
Chairman of the meeting

# Contents



Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

The board of directors and the managing director have today presented the annual report of Reputation Institute ApS for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 31 May 2016

**Managing Director**

James Lee Bedard

**Board of directors**

Cees van Riel

Charles J Formbrun

Nicolas Georges Trad

Kasper Ulf Skaarup-Nielsen

# The independent auditor's reports

**To the shareholder of Reputation Institute ApS**

**Report on the annual accounts**

We have audited the annual accounts of Reputation Institute ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

**The management's responsibility for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts 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 annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 company'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 annual accounts.

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.

## The independent auditor's reports

**Opinion**

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

**Statement on the 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 annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 31 May 2016

**BUUS JENSEN**
State Authorised Public Accountants
CVR-nr. 16 11 90 40

Ulrik Nørskov
State Authorised Public Accountant

Michael Markussen
State Authorised Public Accountant

## Company data

| | | |
|---|---|---|
| **The company** | Reputation Institute ApS<br>Borgergade 24, 3.<br>1300 København K | |
| | Company reg. no.: | 28 27 95 07 |
| | Established: | 19 November 2004 |
| | Domicile: | Copenhagen |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Cees van Riel<br>Charles J Formbrun<br>Nicolas Georges Trad<br>Kasper Ulf Skaarup-Nielsen | |
| **Managing Director** | James Lee Bedard | |
| **Auditors** | BUUS JENSEN, Statsautoriserede revisorer | |
| **Parent company** | Reputation Institute Holding A/S | |

# Management's review

### The significant activities of the enterprise

The company's significant activities is within counsellor, advisory and related areas.

### Unusual matters

The company has not been affected by unusual circumstances during the financial year.

### Uncertainties as to recognition or measurement

Its is estimated that no specific uncertainties are related to recognition and measurement of the financial items in the annual accounts.

### Development in activities and financial matters

The results from ordinary activities after tax are DKK -4.848.000 against DKK -202.000 last year. The management consider the results unsatisfactory.

At December 31, 2015, there is a deficiency in stockholders' equity of approximately DKK 1.307.000. The company is consequently subject to the Danish Companies Act § 119 (loss of capital). Management has secured the necessary liquidity and financial support from the parent company, Reputation Institute Holding A/S for funding of next year's planned operations.

The management expects a positive result for the coming financial year.

### Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

## Accounting policies used

The annual report for Reputation Institute ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

**Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

**Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

## The profit and loss account

**Gross profit**

The gross profit comprises the net turnover, direct cost of services, and other external costs.

Net turnover from the sale of services is recognised in the result concurrently with delivery of the services. Thus, the net turnover corresponds to the sales value of the completed services of the year (production method). Recognition at sales value requires that the total income, the total costs and the scope of completion on the balance sheet date can be determined reliably, and that it is likely that payment will be received by the company.

Direct cost of services comprise project and consulting costs.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

**Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

**Depreciation and writedown**

Depreciation and writedown comprise depreciation and writedown for the year and gains and losses on disposal of tangible fixed assets.

**Net financials**

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

**Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## The balance sheet

### Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues. If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

| | |
|---|---|
| Other plants, operating assets, fixtures and furniture | 3 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

### Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### Unbilled projects

Unbilled projects is measured at the market value of the work performed. The market value is measured on basis of the scope of completion on the balance sheet date and the total expected income from the individual project.

When the market value of a contract can not be determined reliably, the sales value is measured at the costs incurred or at the net realisable value, if this is lower.

The individual project is recognised in the balance sheet under unbilled project or deferred income, depending on the net value of the sales price with deduction of prepayments and amounts invoiced on account.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

**Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

**Available funds**

Available funds comprise cash at bank and in hand.

**Equity - dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

**Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Reputation Institute ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

**Liabilities**

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

**Accrued expenses and deferred income**

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

## Profit and loss account 1 January - 31 December

All amounts in DKK.

| Note | | 2015 | 2014 |
|---|---|---|---|
| | **Gross profit** | **10.700.955** | **16.438.513** |
| 2 | Staff costs | -16.857.241 | -16.541.483 |
| | Depreciation and writedown relating to tangible fixed assets | 0 | -50.976 |
| | **Operating profit** | **-6.156.286** | **-153.946** |
| | Other financial income | 570 | 2.629 |
| 3 | Other financial costs | -117.096 | -50.937 |
| | **Results before tax** | **-6.272.812** | **-202.254** |
| 4 | Tax on ordinary results | 1.425.000 | 0 |
| | **Results for the year** | **-4.847.812** | **-202.254** |
| | | | |
| | **Proposed distribution of the results:** | | |
| | Allocated from results brought forward | -4.847.812 | -202.254 |
| | **Distribution in total** | **-4.847.812** | **-202.254** |

## Balance sheet 31 December

All amounts in DKK.

**Assets**

| Note | | 2015 | 2014 |
|---|---|---|---|
| | **Fixed assets** | | |
| 5 | Other plants, operating assets, and fixtures and furniture | 0 | 0 |
| | Tangible fixed assets in total | 0 | 0 |
| | Deposits | 225.809 | 498.044 |
| | Financial fixed assets in total | 225.809 | 498.044 |
| | **Fixed assets in total** | **225.809** | **498.044** |
| | **Current assets** | | |
| | Trade debtors | 2.577.619 | 1.863.129 |
| | Unbilled projects | 0 | 654.678 |
| | Amounts owed by group enterprises | 5.312.842 | 7.295.577 |
| | Deferred tax assets | 1.784.000 | 359.000 |
| | Accrued income and deferred expenses | 95.242 | 222.354 |
| | Debtors in total | 9.769.703 | 10.394.738 |
| | Cash funds | 2.300.726 | 3.683.737 |
| | **Current assets in total** | **12.070.429** | **14.078.475** |
| | **Assets in total** | **12.296.238** | **14.576.519** |

## Balance sheet 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2015 | 2014 |
|---|---|---|---|
| | **Equity** | | |
| 6 | Contributed capital | 125.000 | 125.000 |
| 7 | Results brought forward | -1.431.899 | 3.415.913 |
| | **Equity in total** | **-1.306.899** | **3.540.913** |
| | **Liabilities** | | |
| | Trade creditors | 1.305.657 | 1.306.553 |
| | Debt to group enterprises | 4.939.953 | 4.333.313 |
| | Other debts | 6.906.256 | 3.372.464 |
| | Accrued expenses and deferred income | 451.271 | 2.023.276 |
| | Short-term liabilities in total | 13.603.137 | 11.035.606 |
| | **Liabilities in total** | **13.603.137** | **11.035.606** |
| | **Equity and liabilities in total** | **12.296.238** | **14.576.519** |

**8 Contingencies**

## Notes

All amounts in DKK.

| | | 2015 | 2014 |
|---|---|---|---|
| **1.** | **Deficit and Management Plans** | | |

At December 31, 2015, there is a deficiency in stockholders' equity of approximately DKK 1.307.000. The company is consequently subject to the Danish Companies Act § 119 (loss of capital). Management has secured the necessary liquidity and financial support from the parent company, Reputation Institute Holding A/S for funding of next year's planned operations.

| | | 2015 | 2014 |
|---|---|---|---|
| **2.** | **Staff costs** | | |
| | Salaries and wages | 16.017.866 | 15.795.981 |
| | Pension costs | 34.090 | 40.908 |
| | Other costs for social security | 97.616 | 178.633 |
| | Other staff costs | 707.669 | 525.961 |
| | | **16.857.241** | **16.541.483** |
| | Average number of employees | 19 | 23 |
| **3.** | **Other financial costs** | | |
| | Other interest costs | 117.096 | 50.937 |
| | | **117.096** | **50.937** |
| **4.** | **Tax on ordinary results** | | |
| | Adjustment for the year of deferred tax | -1.425.000 | 0 |
| | | **-1.425.000** | **0** |
| **5.** | **Other plants, operating assets, and fixtures and furniture** | | |
| | Cost 1 January 2015 | 359.701 | 359.701 |
| | **Cost 31 December 2015** | **359.701** | **359.701** |
| | Amortisation and writedown 1 January 2015 | -359.701 | -308.725 |
| | Depreciation and writedown for the year | 0 | -50.976 |
| | **Amortisation and writedown 31 December 2015** | **-359.701** | **-359.701** |
| | **Book value 31 December 2015** | **0** | **0** |

## Notes

All amounts in DKK.

| | | 31/12 2015 | 31/12 2014 |
|---|---|---|---|
| **6.** | **Contributed capital** | | |
| | Contributed capital 1 January 2015 | 125.000 | 125.000 |
| | | **125.000** | **125.000** |
| **7.** | **Results brought forward** | | |
| | Results brought forward 1 January 2015 | 3.415.913 | 3.618.167 |
| | Profit or loss for the year brought forward | -4.847.812 | -202.254 |
| | | **-1.431.899** | **3.415.913** |

**8. Contingencies**

**Contingent liabilities**

The company has entered into lease agreements with a rent commitment of DKK 899 thousand on the balancesheet date.

**Joint taxation**

Reputation Institute Holding A/S being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with corporation tax represents an estimated maximum of DKK 0 thousand. The liability relating to obligations in connection with withholding taxes represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.