

# INDEX AWARD A/S

Bryghuspladsen 8, 3. tv., 1473 København K

CVR no. 31 42 95 52

## Annual report 2017

Approved at the Company's annual general meeting on 14 May 2018

Chairman:

  
Liza Chong *Jens W. Williams SEN*

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of INDEX AWARD A/S for the financial year 1 January - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 14 May 2018  
Executive Board:

Liza Chong

Board of Directors:

Jens Wittrup Willumsen  
Chairman

Pii Ayoe Paltorp

Felicitas Bernhardine  
Barbara Christine Edle von  
Peter

Camilla Bredholt

Teddy Zebitz

Torben Møger Pedersen

Flemming Bent Lindeløv



## Independent auditor's report

To the shareholders of INDEX AWARD A/S

### Opinion

We have audited the annual report for INDEX AWARD A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark as well as generally accepted public auditing standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements 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 misstatement, 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 either 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark as well as generally accepted public auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark as well as generally accepted public auditing standards, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risk 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- ▶ 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 conclusion is 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.

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.

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

#### **Report on other legal and regulatory requirements**

##### ***Statement on compliance audit and performance audit***

Management is responsible for ensuring that the transactions covered by the financial reporting comply with grants received, legislation and other regulations and with agreements entered into and general practice; and that the management of the funds and operations covered by the financial statements is financially sound.



## Independent auditor's report

In performing our audit of the financial statements, it is our responsibility in accordance with generally accepted public auditing standards to select relevant items for both compliance audit and performance audit purposes. When conducting a compliance audit, we test the selected items to obtain reasonable assurance as to whether the transactions covered by the financial reporting comply with the appropriations granted, legislation and other regulations as well as agreements entered into and usual practice. When conducting a performance audit, we perform assessments to obtain reasonable assurance as to whether the tested systems, processes or transactions support due financial considerations in relation to the management of funds and operations covered by the financial statements.

We must report on any grounds for significant critical comments should we find such in performing our procedures.

We have no significant critical comments to report in this connection.

Copenhagen, 14 May 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Kaare K. Lendorf  
State Authorised  
Public Accountant

MNE-nr.: mne33819

Ulrik B. Vessing  
State Authorised  
Public Accountant

MNE-nr.: mne32827



## Management's review

### Company details

|                            |  |
|----------------------------|--|
| Name                       | INDEX AWARD A/S                            |
| Address, Postal code, City | Bryghuspladsen 8, 3. tv., 1473 København K |
| CVR no.                    | 31 42 95 52                                |
| Established                | 16 May 2008                                |
| Registered office          | København                                  |
| Financial year             | 1 January - 31 December                    |

### Board of Directors

Jens Wittrup Willumsen, Chairman  
Pil Ayoe Paltorp  
Felicitas Bernhardine Barbara Christine Edle von Peter  
Camilla Bredholt  
Teddy Zebitz  
Torben Møger Pedersen  
Flemming Bent Lindeløv

### Executive Board

Liza Chong

### Auditors

Ernst & Young Godkendt Revisionspartnerselskab  
Osvald Helmutsh Vej 4, P.O. Box 250, 2000 Frederiksberg,  
Denmark



## Management's review

### Business review

#### MAIN ACTIVITIES

INDEX: Design to Improve Life is a Danish non-profit organization with global reach that Inspires, Educates and Engages in the design of sustainable solutions to global challenges.

The mission of the organization is fulfilled through three program areas and many underlying activities comprising the largest design award in the world, touring exhibitions, educational programs, investment programs and international collaborations. The activities take place in Denmark and abroad.

INDEX: Design to Improve Life is a subsidiary to Design Society.

#### Financial review

In 2017, the Company's revenue amounted to DKK 17,578,826 against DKK 11,495,949 last year. The income statement for 2017 shows a profit of DKK 48,230 against a profit of DKK 18,912 last year, and the balance sheet at 31 December 2017 shows equity of DKK 72,248.

The three program areas of the organization are Inspire, Educate and Engage, all of which take an outset from INDEX: Award.

In 2017, the focus has been:

1. Presenting INDEX: Award 2017
2. Dissemination of Design to Improve Life Education
3. Consolidation of Design to Improve Life Investment

#### AD 1 - Presenting INDEX: Award 2017

As per the closure of the call for nomination on March 9th 2017 INDEX: could confirm a record-setting number of nominations amounting to 1.401.

The increase in nominations has been supported by a global campaign on social media mostly centered on distribution of videos, which achieved more than 2.6 million viewers. Adding to the campaign on social media, news coverage in media in 2017 amounted to just under some 1,100 presentations and a reach through TV to 300 million potential viewers (2015 and 2016). On Facebook, the current follower-base is over 100,000, while the followers on Instagram and Twitter are growing.

In 2017 the total media value of INDEX: communication activities amounted to an impressive DKK 175 million.

On September 6th, 2017, INDEX: Award was presented to accolade from a global audience in Helsingør led by H.R.H. the Crown Princess. Guests, media, international experts and designers in unison declared the INDEX: Award 2017 Ceremony the most successful yet, which is also mirrored in the below survey among guests:

- ▶ Have you gained new knowledge from participating in the INDEX: Award 2017 Ceremony?

97% of the respondents answered 'YES'.

- ▶ Is the new knowledge you obtained by participating in the INDEX: Award 2017 Ceremony relevant to your business / sector?

90% of the respondents answered 'YES'.

- ▶ Do you think design can create economic, social and environmental value for your company / sector?

98% of the respondents answered 'YES'.



## Management's review

Related to INDEX: Award, the organization has further strengthened its big data program called Big Picture, which aims to create an overview of the historic, current and possible future markets for sustainable design addressing global challenges.

Overall, INDEX: Award has in 2017 further strengthened its impact on all parameters and has underpinned its role as the organization's core, which delivers high quality knowledge to all of the organization's other programs and enables the organization to stay on the forefront of sustainable design worldwide.

### AD 2 - Dissemination of Design to Improve Life Education

Design to Improve Life Education, which teaches sustainable design-based education, was launched in 2010 with the aim to use global challenges as learning resources in schools and the students' talents as an innovation resource in society.

In 2017, the two largest initiatives under Design to Improve Life Education were:

#### 1 - Boost - Innovative School in Helsingør.

The initiative involves the training of the entire education system in Helsingør Municipality in cooperation with Helsingør Municipality and Metropol University College. Total revenue for the three-year initiative is DKK 20.9 million. Of which DKK 11.8 million is a donation from the A. P. Møller and Chastine Mc-Kinney Møller Foundation for General Purposes. The 3-year project ended ultimo 2017, with all the KPI's agreed upon by the partners achieved. An independent evaluation of the project will be presented in mid 2018.

#### 2 - Aarhus 2017 Design to Improve Life Challenge.

The program took place in the context of Aarhus 2017 - European Capital of Culture 2017 - and involves 1,000 kids from 5th grade from 10 municipalities in the Central Denmark Region in Design to Improve Life Education over three years. Each year the kids were involved in designing hundreds of new solutions to challenges posed by decision makers in their local area. Total revenue for the initiative is DKK 11,300,000, of which DKK 6 million is the contributions from the Fund Aarhus 2017. The project ended ultimo 2017, with all KPI's agreed between the partners fulfilled and a strong evaluation from the participating kids.

Overall, the above initiatives contributed to the consolidation of Design to Improve Life Education, which was established through support from the EU Interreg Fund, and has shown the great need for this kind of education in Denmark and abroad.

### AD 3 - Consolidation of Design to Improve Life Investment

Design to Improve Life Investment is a new impact investment platform, created for the purposes of establishing a robust pipeline of investment objects targeted to investors, raising capital for designs from INDEX: Award and sharing knowledge about impact investment and design to support the growth of sustainable design.

The program area covers two initiatives:

#### 1 - Summer School and Investor Day

The initiative is established by INDEX: Design to Improve Life and offers selected INDEX: Award Finalists business expertise and pitch-training in order to make them investment-ready. During the successful run of the program in 2017, INDEX: established partnerships with Boston Consulting Group to develop the strengthening of the initiative as well as further strengthened the organizations acceleration tool box, which uses design and sustainability as a competitive advance in the global market of acceleration programs. Evaluations of the program shows high benefits for the 9 participants from 7 countries around the world.

#### 2 - Venture Capital Fund

In 2016 INDEX: announced its intention to develop an investment vehicle that will be the first in the world solely investing in sustainable design. The investment vehicle has two goals: returns for investors and positive change in the world.

To consolidate the value proposal of the investment vehicle for investors and partners, INDEX: Design to Improve Life and BCG have performed an extensive data analysis of the pipeline for INDEX: Award. The analysis shows a unique robust pipeline with high resilience and potential for large ROI.

## Management's review

By the end of 2017, a micro venture capital fund with investments from Denmark and abroad was initiated and will be legally established in 2018. The fund will invest in Design to improve Life and will be used to test the quality of the INDEX: Award pipeline.

### Funding

The funding of INDEX: Design to Improve Life stems from a variety of sources - private, public, transnational and foundations.

From 2004 until 2017, 26.52% of the income derives from private companies and foundations, while 19.52%, derives from partners from outside of Denmark, such as foundations and partners.

On average, The Danish Business Authority provides 48.58%, while other parts of the Danish State provides 12.96% and other public authorities in Denmark provides 2.22%.

| Finansieringskilder i %: | 04  | 05  | 06  | 07  | 08  | 09  | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | Gns. |
|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| EVM/EST                  | 62% | 8%  | 42% | 40% | 83% | 34% | 49% | 47% | 27% | 40% | 46% | 59% | 48% | 50% | 49%  |
| Øvrig stat               | 3%  | 8%  | 0%  | 8%  | 0%  | 0%  | 3%  | 0%  | 1%  | 2%  | 3%  | 1%  | 0%  | 0%  | 2%   |
| Offentlige, ej stat      | 0%  | 0%  | 21% | 17% | 0%  | 10% | 5%  | 6%  | 9%  | 6%  | 12% | 6%  | 34% | 44% | 13%  |
| Privat                   | 35% | 75% | 35% | 18% | 17% | 15% | 23% | 12% | 9%  | 28% | 28% | 31% | 18% | 3%  | 27%  |
| Internationalt /EU       | 1%  | 10% | 2%  | 17% | 0%  | 42% | 20% | 35% | 54% | 23% | 12% | 4%  | 0%  | 3%  | 17%  |

In the table above, the funding is not included, which for technical accounting reasons is recorded by initiative partners, but where INDEX: has been instrumental in securing the funding.

This applies, for example, to a grant from Industry Foundation in 2013, which provided global marketing for INDEX: and State of Green on CNN International. It also applies to the training initiative, Boost Innovative School in Helsingør, with a total turnover of DKK 20.9 million of which DKK 11.8 million is a donation from A. P. Møller and Chastine Mc-Kinney Møller Foundation for General Purposes and the initiative Aarhus 2017 Design to Improve Life Challenge with a total turnover of DKK 11.3 million, of which 6 million is a contribution from the Fund Aarhus 2017.

This form of income is mentioned in this management's review to point to the continued increase in private and public understanding of the value of the programs developed by INDEX: Design to Improve Life.

### Financial management

The organization uses a fully integrated income, liquidity and balance budget.

### Financial conditions

At year-end, the Company's equity was DKK 0.1 million. Management believes that the Company's positive budget for 2018 will be met, why statements have been prepared under the assumption of continued operation.

### Events after the balance sheet date

After the reporting period, the CEO of INDEX: Kigge Mai Hvid left her position. The leadership of the organization has by a unanimous board been handed over to former Director of Strategy and Program Liza Chong, who by 7th April has been appointed CEO.

No other events have occurred, which could change the Company's financial position.



## Financial statements 1 January - 31 December

### Income statement

| Note | DKK   | 2017             | 2016             |
|------|---|------------------|------------------|
|      | Revenue   | 17,578,826       | 11,495,949       |
|      | Other external expenses   | -8,605,561       | -3,283,898       |
|      | <b>Gross margin</b>   | <b>8,973,265</b> | <b>8,212,051</b> |
| 2    | Staff costs   | -8,900,584       | -7,943,570       |
|      | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -8,928           | -239,905         |
|      | <b>Profit before net financials</b>   | <b>63,753</b>    | <b>28,576</b>    |
|      | Financial income  | 36,335           | 13,635           |
|      | Financial expenses  | -37,331          | -12,153          |
|      | <b>Profit before tax</b>  | <b>62,757</b>    | <b>30,058</b>    |
|      | Tax for the year  | -14,527          | -11,146          |
|      | <b>Profit for the year</b>  | <b>48,230</b>    | <b>18,912</b>    |
|      | <b>Recommended appropriation of profit</b>  |                  |                  |
|      | Retained earnings   | 48,230           | 18,912           |
|      |   | 48,230           | 18,912           |



## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK                                | <u>2017</u>      | <u>2016</u>      |
|------|------------------------------------|------------------|------------------|
|      | <b>ASSETS</b>                      |                  |                  |
|      | <b>Fixed assets</b>                |                  |                  |
|      | Property, plant and equipment      |                  |                  |
|      | Plant and machinery                | <u>7,856</u>     | <u>16,783</u>    |
|      |                                    | <u>7,856</u>     | <u>16,783</u>    |
|      | <b>Investments</b>                 |                  |                  |
|      | Other receivables                  | <u>52,070</u>    | <u>52,070</u>    |
|      |                                    | <u>52,070</u>    | <u>52,070</u>    |
|      | <b>Total fixed assets</b>          | <u>59,926</u>    | <u>68,853</u>    |
|      | <b>Non-fixed assets</b>            |                  |                  |
|      | <b>Receivables</b>                 |                  |                  |
|      | Trade receivables                  | 928,068          | 566,811          |
|      | Work in progress                   | 0                | 752,500          |
|      | Receivables from group enterprises | 0                | 106,980          |
|      | Deferred tax assets                | 139,657          | 154,184          |
|      | Other receivables                  | 179,259          | 300              |
|      | Prepayments                        | <u>530,266</u>   | <u>114,707</u>   |
|      |                                    | <u>1,777,250</u> | <u>1,695,482</u> |
|      | <b>Cash</b>                        | <u>197,710</u>   | <u>878,144</u>   |
|      | <b>Total non-fixed assets</b>      | <u>1,974,960</u> | <u>2,573,626</u> |
|      | <b>TOTAL ASSETS</b>                | <u>2,034,886</u> | <u>2,642,479</u> |



## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK  | 2017             | 2016             |
|------|--|------------------|------------------|
|      | <b>EQUITY AND LIABILITIES</b>                  |                  |                  |
|      | Equity   |                  |                  |
| 3    | Share capital                                  | 500,000          | 500,000          |
|      | Retained earnings                              | -427,752         | -475,982         |
|      | <b>Total equity</b>                            | <b>72,248</b>    | <b>24,018</b>    |
|      | Liabilities other than provisions              |                  |                  |
|      | Non-current liabilities other than provisions  |                  |                  |
|      | Debt to group enterprises                      | 0                | 150,000          |
|      |  | 0                | 150,000          |
|      | Current liabilities other than provisions      |                  |                  |
|      | Prepayments on work in progress                | 0                | 802,750          |
|      | Trade payables                                 | 147,866          | 285,491          |
|      | Payables to group enterprises                  | 468,255          | 0                |
|      | Other payables                                 | 1,346,517        | 1,380,220        |
|      |  | 1,962,638        | 2,468,461        |
|      | <b>Total liabilities other than provisions</b> | <b>1,962,638</b> | <b>2,618,461</b> |
|      | <b>TOTAL EQUITY AND LIABILITIES</b>            | <b>2,034,886</b> | <b>2,642,479</b> |

1 Accounting policies

4 Other contractual obligations and contingencies, etc.



Financial statements 1 January - 31 December

Statement of changes in equity

| DKK                                      | Share capital | Retained earnings | Total  |
|--|---------------|-------------------|--------|
| Equity at 1 January 2017                 | 500,000       | -475,982          | 24,018 |
| Transfer through appropriation of profit | 0             | 48,230            | 48,230 |
| Equity at 31 December 2017               | 500,000       | -427,752          | 72,248 |



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of INDEX AWARD A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

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.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Income statement

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

|                    |         |
|--------------------|---------|
| Land and buildings | 5 years |
|--------------------|---------|

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

#### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

| DKK   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| <b>2 Staff costs</b>                            |                  |                  |
| Wages/salaries                                  | 8,764,026        | 7,856,717        |
| Pensions  | 39,480           | 53,466           |
| Other social security costs                     | 97,078           | 33,387           |
|   | <u>8,900,584</u> | <u>7,943,570</u> |
| <br>Average number of full-time employees       | <br><u>16</u>    | <br><u>15</u>    |
| <br>Remuneration to members of management:      |                  |                  |
| Executive board                                 | 1,033,584        | 1,049,059        |
| Board of Directors                              | 227,500          | 216,350          |
|   | <u>1,261,084</u> | <u>1,265,409</u> |
| <br><b>3 Share capital</b>                      |                  |                  |
| Analysis of the share capital:                  |                  |                  |
| 500 A shares of DKK 1,000.00 nominal value each | 500,000          | 500,000          |
|   | <u>500,000</u>   | <u>500,000</u>   |

The Company's share capital has remained DKK 500,000 in the past year.

### 4 Other contingent liabilities

#### Contingent liabilities

The Company entered into a leasing contract of a lease payment of DKK 50 thousand within 1 year and DKK 120 thousand between 1-5 years.