

**Specialisterne Foundation,
Erhvervsdrivende Fond**

Lautruphøj 1 - 3 a3.
2750 Ballerup
Business Registration No
32154697

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Thorkil Sonne

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Entity details

Entity

Specialisterne Foundation, Erhvervsdrivende Fond
Lautruphøj 1 - 3 a3.
2750 Ballerup

Central Business Registration No (CVR): 32154697

Founded: 15.12.2008

Registered in: Ballerup

Financial year: 01.01.2017 - 31.12.2017

Statutory reports on the entity's website

Statutory report on foundation governance:<http://specialisternefoundation.com/wp-content/uploads/2017/05/Foundation-governance-2018.pdf>

Board of Directors

Thorkil Sonne, Chairman of Board
Lars Laier Henriksen, Vice Chairman of Board
Maurice John Craven
Ramon Bernat Serra
Velloparampil Rasheed Feroose
William Ervin Hoover

Executive Board

Henrik Thomsen, Chief Executive Officer

Bank

Nordea Bank Danmark A/S

Lawyer

Kromann Reumert Advokatfirma

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Specialisterne Foundation, Erhvervsdrivende Fond for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 31.05.2018

Executive Board

Henrik Thomsen
Chief Executive Officer

Board of Directors

Thorkil Sonne
Chairman of Board

Lars Laier Henriksen
Vice Chairman of Board

Maurice John Craven

Ramon Bernat Serra

Velloparampil Rasheed Feroose

William Ervin Hoover

Independent auditor's report

To the shareholders of Specialisterne Foundation, Erhvervsdrivende Fond

Opinion

We have audited the financial statements of Specialisterne Foundation, Erhvervsdrivende Fond for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Foundation's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Foundation in accordance with the International Ethics Standards Board of 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.

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 misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Foundation's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Foundation 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Violation of tax, duty and subsidy legislation

The Foundation has declared VAT wrongfully which is against the Danish VAT regulations for which Management can be held liable.

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Nikolaj Erik Johnsen
State Authorised Public Accountant
Identification No (MNE) mne35806

Management commentary

Primary activities

Introduction to Specialisterne Foundation

Specialisterne Foundation (SPF) is a commercial non-profit foundation founded on the pioneering work of Specialisterne, Denmark, the original company that devised the core systems for including autistic people and people with similar conditions in the labour market. SPF works to create new opportunities with the overall goal to enable one million careers for autistic people.

SPF owns 100% of shares in Specialisterne ApS in Denmark, 4.9% of shares in Specialisterne Spain and is sole member in Specialisterne USA, Canada, Australia and Singapore. SPF governs the international activities performed by Specialisterne entities.

Job creation for “untapped autistic talents”

The primary focus for SPF is autism – a complex pervasive developmental condition that traditionally affects a person’s ability to communicate and interact with others. The number of individuals diagnosed with autism in school and adult life continues to grow at a rapid rate and is expected to affect one in 59, according to the US Centres for Disease Control.

With a significant increase in the number of autistic people leaving the school system, there is growing recognition of the critical need for programs that harness the skills and abilities in the crucial transition phase towards gainful employment.

Vision & Mission

SPF is driving societal development from talking about people with “disabilities” to talking about “abilities”. We focus on how to provide understanding and support for everyone who can realise their potential based on the knowledge of Specialisterne.

SPF has a vision of a world where people have equal opportunities in the labour market. We will make a systemic contribution by enhancing career opportunities for autistic people. As a guiding point for reaching this vision, we have set the goal of enabling one million jobs for autistic people globally.

The mission of SPF is to provide education and employment for autistic people through global collaboration, knowledge sharing and innovation, based on the Specialisterne model.

We believe that everyone will benefit from forming inclusive environments for autistic people. By its mission, SPF contributes to more inclusive and diverse communities with positive impact for all stakeholders.

The ambition is to research and develop services with clients, partners and followers who work with autistic people and people with similar challenges – such as neurodiverse people.

The “Specialisterne” concept

Specialisterne is a social business enabling careers for autistic people through social innovation, social entrepreneurship and a change in mind-set.

Management commentary

Specialisterne's mission is to provide training, education and employment for autistic people through collaboration, knowledge sharing and innovation. On a global basis, Specialisterne is the first and leading company to build a bridge between the autistic community and the business world. It operates on market terms and is characterised as both a "social innovator" and a pioneer in the international media.

Specialisterne's core areas of activity are: 1) consultancy services for private and public companies, 2) work ability assessment and job training, 3) recruitment and on-boarding employment, 4) "On The Job Support" and career development support, 5) pre-employment programs to prepare for transition into the work force.

Specialisterne provides consultancy and job placement services for private and public companies in multiple business areas, such as IT, finance, cyber security and agriculture. Across the Specialisterne Group we have experiences from more than 100 job titles, including software testing, anti-monetary laundry, data analysis, quality control, logistics and pig farming. In addition Specialisterne provides lectures, and tailored management consultancy. Specialisterne's assessment and pre-employment programs are based on identification of work ability, motivation, professional, specialist and shared skills.

Specialisterne has joined the competencies of autistic people with the needs of the business sector. Since 2004, Specialisterne tested different concepts and programs in different markets and is able to act globally as a group, and locally where communities come together in co-creation of a sustainable community model which involves employers, government, grass roots, education system and R&D partners.

Building on learnings from the increasing number of international Specialisterne operations and corporate clients, each local Specialisterne operation will leverage existing best practices and expand the "Specialisterne" concept, in order to further increase employment opportunities for autistic individuals. This, in turn, supports implementation efforts in other locations and raises awareness of the unique competencies of autistic people in a broad cross-section of sectors, where passion for detail and perseverance are critical success factors.

Strategy

SPF will develop, document and disseminate the know-how of Specialisterne globally to enable large-scale systemic change.

The strategy of SPF is to inspire, educate, train, support and certify stakeholders in the communities, such as companies, community agencies, education providers, social entrepreneurs and academia to remove barriers to employment through inclusive work places, schools and local communities.

We are inviting change makers to work with us to achieve a system change by which autistic people will improve companies' competitiveness and realise their potential.

Operating model

SPF gets its earned income from licensing the Specialisterne model and provision of consulting, training and support services for Specialisterne entities or clients with interest in achieving and operating the intellectual property.

Management commentary

Critical to SPF's scaling ability to address the interest from stakeholders around the world is the capability to successfully seek and receive donations and grants for global and local capacity building and project implementations.

Strategic collaboration

SPF aims to develop strategic collaborations, alliances and partnerships with a number of organisations and corporate entities in order to accelerate and support the proliferation of the Specialisterne model globally and locally.

The collaborations currently in place include:

- SAP, one of the world's largest software companies and client of SPF, entered into a cooperation with SPF in May 2013 by which SPF is the global trusted partner for SAP. The goal of SAP is that the workforce will consist of 1% autistic people by 2020. By end of 2017, SAP employs more than 120 autistic persons in ten countries.
- Ashoka, the leading global organisation for social entrepreneurs, provides support, know-how and access to a very broad network of like-minded Ashoka Fellows, Ashoka Support Networks and Ashoka staff globally. Specialisterne Founder, Thorkil Sonne, is an Ashoka Globalizer Fellow.
- Schwab Foundation for Social Entrepreneurship. The Foundation organises the World Economic Forum and has named Thorkil Sonne as a one of their Social Entrepreneurs, in which capacity he has attended the World Economic Forum annual winter/summer summits in 2012, 2013, 2014 and 2017.
- UN: SPF was asked by UN to arrange the 2015 UN Autism Awareness Day Event with the theme "The Autism Advantage". The event consolidated SPF's role as leading the Autism Advantage movement. In November 2015, SPF became associated with UN-Department of Public Information as NGO.
- SPF was asked to arrange an annual Autism Advantage Luncheon on the World Autism Awareness Day in the UN Headquarters in NY. The inaugural luncheon took place March 31st 2017 and the second luncheon took place April 5th 2018.

Future focus

SPF will assess where we at any time can add most value in markets around the world with different employer needs, level of apprehension/acceptance/appreciation of autistic people, work place inclusiveness, access to education and training, support from welfare system, religion, culture and wealth.

SPF will expand knowledge and knowhow of including autistic people in the work place and work with stakeholders in communities to expand access to careers across business sectors, types of businesses and types of work.

We will develop knowledge and knowhow to go beyond our present target group, which has primarily been autistic people with university or high school degree, and develop opportunities for people who have not been able to achieve such levels of education for various reasons.

Management commentary

We believe that an environment where autistic people thrive will be a better place for all. Based on this belief, we will use industrial design mind set and work with other target groups of people who can benefit from our knowledge and knowhow to realize their potential.

We will work for attitudinal change around the world. As part of this, we will work with the UN to arrange an annual Autism Advantage Luncheon in the UN HQ in NY and we will arrange regional Autism Advantage Luncheons across the world to promote inclusive environments where autistic people thrive.

We will seek committing partnerships with international employers, educators, grass root organizations, researchers and developers to turn UN Sustainable Development Goals regarding decent work (SDG 8) and quality education (SDG 4) into action across the world for people in developed and developing countries who can benefit from our knowledge and knowhow.

We will develop a leadership model and establish a global network of business schools to train present and future leaders to become more competitive in the global knowledge based market economy by achieving higher level of innovation, engagement and resilience through including diverse talent and personalities in their teams.

Management

Thorkil Sonne, who founded Specialisterne Denmark in 2003 and established SPF in 2008 will, in his role as Chairman, continue to engage stakeholders worldwide, with particular focus on fundraising. Thorkil Sonne is Chairman of Specialisterne in Denmark and USA and CEO in Specialisterne USA. Thorkil and family relocated to USA in 2013 for a period of four years. Henrik Thomsen is Director and CEO in SPF.

SPF utilizes staff from Specialisterne operations and other partners in Denmark and abroad, on an arms-length basis, to assist with the domain-specific knowledge needed in SPF's project activities.

International operations and partnerships

The Specialisterne employment model is subject to strong interest from countries worldwide seeking proven innovative solutions to social challenges. SPF finds great opportunity to grow the presence of Specialisterne in many new areas, and to establish strong local and global partnerships and collaborations with the corporate sector. Specialisterne is recognised internationally as the leading brand within employment of autistic people.

SPF drives the planning process for starting up Specialisterne in new locations, and works with local partners on implementing the concept. SPF develops and sets up websites for local Specialisterne operations and supports global and local public relations and market communications. The SPF management team provides coaching, operational and business development support to local Specialisterne operations and partners.

Enabled by financial support from private foundations and donors, including the VELUX FOUNDATIONS (Denmark), the Essl Foundation (Austria), Longwood Foundation (USA), Welfare Foundation (USA), and the European Commission during 2016, SPF has, with its local partners, significantly expanded its international activities.

Management commentary

International operations

At the end of 2017, SPF is present in the following countries via licence-based partnership or ownership:

Denmark
Iceland
Norway (partner)
Austria
Spain
Ireland
Northern Ireland
USA
Canada
Australia
India (partner)
Czech Republic (partner)
Brazil (Specialisterne Spain)
Buenos Aires (Specialisterne Spain)
Singapore
Italy (Specialisterne Spain)

SPF participated in two European Union-supported projects with funding from the European Social Fund and the Leonardo da Vinci Program for Transfer of Innovation.

During 2017, SPF finalized a project to create 1000 jobs in Denmark for autistic people. This 4-year project "1000 Jobs in Denmark" supported by the VELUX FOUNDATIONS was tested and implemented in 2017.

The goal of the initiative was to change existing attitudes among Danish employers towards hiring autistic people by developing and test new hiring methodologies. The initiative will generate interest among employers in placing autistic people into meaningful jobs where their unique competencies – such as, attention to detail, strong logical and analytic skills, an above-average ability to concentrate for long periods of time, diligence and zero-fault tolerance – can create maximum value.

The project has already achieved some milestones:

- Transfer of knowledge to partners in other geography
- A new recruitment model
- Formalised On-the-job support and mentoring model
- Awareness

The awareness has led to a number of client acquisitions, among those Danfoss and Nordea.

The project documents a Social Return On Investment (SROI). The impact is significant and substantial in terms of employment and furthermore represents savings in the public sector of approximately 120 million Danish kroner all documented in reports accumulated in the years from 2017 - 2022.

Management commentary

Please refer to SPF's website <http://specialistpeople.com> for further information and updates on SPF and its activities.

Research & Development

During 2017, SPF has continued to develop the "Operational Model Licence Package" - Specialisterne's operational model. The model is bi-lingual and is present in English and Danish.

The operational model is used by operators of the Specialisterne concept and is composed of proven knowledge, process descriptions and a number of tools that together effectively create a "Specialisterne blue-print", enabling an accelerated deployment of a Specialisterne model.

SPF is hosting the knowledge base where Specialisterne licensees and other partners will get access to knowledge share and networking.

Development in activities and finances

Profit/loss for the year reached a profit of DKK 485 thousand compared to last year's loss of DKK 120 thousand.

The profit for the year leads to an equity of DKK 1,163 thousand at 31 December 2017 and the balance sheet total amounts to DKK 3,013 thousand.

According to Management, the results for the year are satisfactory.

SPF expects a solid development in activities aiming at supporting the global corporate clients and Specialisterne operations worldwide. However, the Foundation will need further funding in 2018 to support the expected activities and expansion abroad.

Statutory report on foundation governance

The Board of Directors has published its report on foundation governance on the Foundation's website: <http://specialisternefoundation.com/wp-content/uploads/2017/05/Foundation-governance-2018.pdf>

Statutory report on distribution policy

The Foundation does not distribute.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		3.973.611	4.648.705
Other external expenses		<u>(1.810.604)</u>	<u>(3.007.856)</u>
Gross profit/loss		2.163.007	1.640.849
Staff costs	1	(1.485.941)	(1.574.660)
Depreciation, amortisation and impairment losses	2	<u>(106.007)</u>	<u>(189.371)</u>
Operating profit/loss		571.059	(123.182)
Other financial income	3	55.463	109.032
Other financial expenses	4	<u>(141.105)</u>	<u>(106.398)</u>
Profit/loss before tax		485.417	(120.548)
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>485.417</u>	<u>(120.548)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>485.417</u>	<u>(120.548)</u>
		<u>485.417</u>	<u>(120.548)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		203.868	309.875
Intangible assets	5	203.868	309.875
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	6	0	0
Investments in group enterprises		770.001	770.001
Fixed asset investments	7	770.001	770.001
Fixed assets		973.869	1.079.876
Trade receivables		471.423	1.083.895
Receivables from group enterprises		52.824	50.000
Other receivables		534.863	0
Income tax receivable		64.797	64.797
Prepayments		76.859	69.268
Receivables		1.200.766	1.267.960
Cash		837.906	750.629
Current assets		2.038.672	2.018.589
Assets		3.012.541	3.098.465

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		750.001	750.001
Retained earnings		412.945	(72.472)
Equity		1.162.946	677.529
Trade payables		398.916	576.126
Other payables		1.258.679	1.275.041
Deferred income	8	192.000	569.769
Current liabilities other than provisions		1.849.595	2.420.936
Liabilities other than provisions		1.849.595	2.420.936
Equity and liabilities		3.012.541	3.098.465
Unrecognised rental and lease commitments	9		
Contingent assets	10		
Assets charged and collateral	11		
Transactions with related parties	12		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	750.001	(72.472)	677.529
Profit/loss for the year	0	485.417	485.417
Equity end of year	750.001	412.945	1.162.946

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	1.266.876	1.359.499
Pension costs	187.200	187.200
Other social security costs	13.405	17.984
Other staff costs	18.460	9.977
	1.485.941	1.574.660
 Average number of employees	 2	 2

Referring to section 98b(3) of the Danish Financial Statements Act, no information has been provided on the remuneration of the Executive Board and the Board of Directors.

	2017	2016
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	106.007	189.371
	106.007	189.371

	2017	2016
	DKK	DKK
3. Other financial income		
Exchange rate adjustments	55.463	109.032
	55.463	109.032

	2017	2016
	DKK	DKK
4. Other financial expenses		
Other interest expenses	3.635	3.482
Exchange rate adjustments	135.747	97.401
Other financial expenses	1.723	5.515
	141.105	106.398

Notes

	Completed develop- ment projects DKK
5. Intangible assets	
Cost beginning of year	1.893.632
Cost end of year	1.893.632
Amortisation and impairment losses beginning of year	(1.583.757)
Amortisation for the year	(106.007)
Amortisation and impairment losses end of year	(1.689.764)
Carrying amount end of year	203.868
	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	44.147
Disposals	(44.147)
Cost end of year	0
Depreciation and impairment losses beginning of year	(44.147)
Reversal regarding disposals	44.147
Depreciation and impairment losses end of year	0
Carrying amount end of year	0

Notes

	Invest- ments in group enterprises DKK
7. Fixed asset investments	
Cost beginning of year	770.001
Cost end of year	770.001
Carrying amount end of year	770.001

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
Specialisterne ApS	Ballerup	ApS	100,0	(87.353)	1.738.007

8. Deferred income

Deferred income comprises prepaid income regarding future financial years.

	2017 DKK	2016 DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	42.000	209.815

10. Contingent assets

The Foundation has an unrecognised tax asset of DKK 386 thousand. The tax asset is incumbent on tax losses from prior years.

11. Assets charged and collateral

The Foundation has not granted any charges or other security on assets at 31 December 2017.

Notes

	Subsidiaries	Other related parties.
	DKK	DKK
12. Transactions with related parties		
Revenue from lease	28.502	0
Revenue from services	742.033	75.690
Revenue from licences etc.	0	941.388
Revenue from reimbursement	0	6.146
Purchase of services	(711.633)	(965.181)
Rent	105.000	0
Receivables	52.824	725.262
Liabilities other than provisions	0	(370.757)
Accumulated impairment losses	0	(270.795)

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Foundation has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Foundation, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from projects is recognised as related costs. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Foundation's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Foundation staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the Foundation can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 4 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.