

Besigtelses Kontoret af 1914 A/S

Gammel Kongevej 60
1850 Frederiksberg C

Årsrapport
1. januar 2016 - 31. december 2016

Årsrapporten er fremlagt og godkendt på
selskabets ordinære generalforsamling den

20/03/2017

Anders Linde Reislev
Dirigent

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Virksomhedsoplysninger

Virksomheden Besigtelses Kontoret af 1914 A/S
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1850 Frederiksberg C

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CVR-nr: 55262519
Regnskabsår: 01/01/2016 - 31/12/2016

Revisor KPMG P/S
Dampfærgevej 28
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DK Denmark

CVR-nr: 25578198
P-enhed: 1018974173

Ledespåtegning

The board of Directors and the Board of Management have today considered and approved the annual report of Besigtelses Kontoret af 1914 A/S for the financial year 1 January to 31 December 2016.

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 Company's assets, liabilities and financial position at 31 December 2016 and its financial performance for the financial year 1 January to 31 December 2016. It is also our opinion that the Management's review gives a true and fair view of developments in the Company's activities and financial position.

We recommend the annual report for adoption at the annual general meeting.

Frederiksberg, den 20/03/2017

Direktion

Henrik Nolsøe Dyrborg Uth

Bestyrelse

Richard James Turner
Chairman

Vagn Lehd Møller

Scott Ørmen

Den uafhængige revisors påtegning på årsregnskabet

To the Shareholder of Besigtelses Kontoret af 1914 A/S

Konklusion

We have audited the financial statements of Besigtelses Kontoret af 1914 A/S for the financial year 1 January – 31 December 2016, comprising income statement, balance sheet 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 – 31 December 2016 in accordance with the Danish Financial Statements Act.

Grundlag for konklusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ledelsens ansvar for regnskabet

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 that 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 liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Revisors ansvar for revisionen af regnskabet

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a 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.

Udtalelse om ledelsesberetningen

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20/03/2017

Anja Bjørnholt Lüthcke
Statsautoriseret revisor
KPMG P/S
CVR: 25578198

Mark Palmberg
Statsautoriseret revisor
KPMG P/S
CVR: 25578198

Ledelsesberetning

Main activities

The principal activity of Besigtelses Kontoret af 1914 A/S is to inspect and determine extent and causality of damage on ships, goods and other objects, and to carry out injury prevention tasks in relation to marine insurance.

Development in activities and economic conditions

Major events in 2016

The Company continued to expand its presence in the London and Singapore Marine underwriting markets. It has though been a challenging year due to the competitive environment, the continued soft insurance market affecting demand for risk management and low vessel activity levels within, in particular, the offshore segments, affecting the level of marine surveys requests, ultimately the revenue of the Company.

Result for the year

The results for Besigtelses Kontoret af 1914 A/S were a loss of DKK 6,881 thousand against a loss of DKK 3,920 thousand in 2015. The decrease in profit for the year is attributable to a decrease in revenue, primarily from group entities, totaling DKK 21,913 thousand in 2016 against DKK 24,069 thousand in 2015, due to continued declining Oil&Gas market and fewer severe casualties in 2016.

The Company's investments are comprised of the Singapore based subsidiary Survey Association Ltd. The results for the subsidiary were a loss corresponding to DKK -1,502 compared to a profit of DKK 4 thousand in 2015.

The Company's results were positively affected by exchange gains of DKK 727 thousand against DKK 131 thousand in 2015.

The result for the year is not in line with the outlook announced in the annual report for 2015 of maintaining satisfactory results for 2016.

The Company's equity is reduced by the result for 2016 and represents DKK 8,010 thousand by year-end.

Events following the financial year end

The board of Directors proposes a dividend payment of DKK 4,700 thousand. The proposed dividend will be considered by the annual general meeting on 20 march 2017.

Outlook for 2017

Management expects a positive result for 2017.

Anvendt regnskabspraksis

Årsrapporten er aflagt i overensstemmelse med årsregnskabslovens bestemmelser for Regnskabsklasse B.

The accounting policies remain unchanged from the annual report for 2015.

Recognition and measurement

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property and equipment are measured at cost on initial recognition. Subsequent measurements are made as described for each individual item below. Measurement at amortised cost involves recognition of a constant effective interest rate over the life of the asset or liability. Amortised cost is calculated as the original cost less repayments and with addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. In this way, capital gains and losses are allocated over the life of the asset or liability.

Assets are recognised in the balance sheet when, due to an event occurring before or on the balance sheet date, it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably. Financial instruments are recognised in accordance with this principle, and the trade date is used as the date of recognition.

Liabilities are recognised in the balance sheet when, due to an event occurring before or on the balance sheet date, the company has a legal obligation, and when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The recognition and measurement of assets and liabilities take into account information received after the balance sheet date but before the presentation of the annual report if such information proves or disproves circumstances prevailing on the balance sheet date.

Income is recognised in the income statement as earned. Expenses incurred to achieve the earnings for the year, including depreciation, amortisation, impairment losses and provisions, are recognised in the income statement. Adjustments resulting from changes in accounting estimates of items previously recognised in the income statement are also recognised in the income statement. Value adjustments of financial assets and liabilities which are measured at fair value are also recognised in the income statement, unless otherwise stated below.

Intra-group transactions

Business transactions between group companies are conducted on market-based conditions or on a cost-covering basis.

Foreign currency translation

The company's functional currency is DKK.

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Exchange differences resulting from translation at the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognised in the income statement as value adjustments.

Receivables, payables, other monetary items as well as non-monetary items recognised on the basis of the fair value in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the income statement as value adjustments.

Results of foreign subsidiaries are translated into the presentation currency (DKK) at the exchange rate prevailing at the date of transaction. An average exchange rate for the period is used as the exchange rate at the date of the transaction to the extent that this does not significantly distort the presentation. The value of foreign subsidiaries is translated at the exchange rate prevailing at the balance sheet date. Currency translation differences are recognised directly in equity as part of the translation reserve. If the foreign entity is disposed of, any currency translation differences will be recognised in the income statement in connection with the disposal.

Revenue

Revenue from completed work is recognized in the income statement upon delivery and transfer of risk to the buyer. Revenue is recognized excluding VAT, taxes and discounts related to the sale and measured at fair value of the consideration determined.

Contract work in progress is recognized in revenue, as production is completed, so that revenue corresponds to the selling price of the work carried out in the financial year (the percentage of completion method).

Tax

Besigtelses Kontoret af 1914 A/S is taxed jointly with Codan A/S as well as the Danish subsidiaries of this company. Full allocation is made to all jointly taxed companies.

Tax for the year, consisting of current tax for the year, any change in deferred tax and adjustments relating to previous years, is recognised in the income statement with the proportion attributable to the profit for the year, and directly in equity with the proportion attributable to transactions recognised directly in equity.

The company is subject to the Danish tax prepayment scheme. Additions, deductions and allowances relating to tax payments are included in 'Interest income and dividends, etc.' and 'Interest expenses'. Tax payments are made to Codan A/S, which, according to the rules on joint taxation, acts as administration company.

Current tax liabilities and assets are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable income for previous years and tax paid on account.

Deferred tax liabilities are measured using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes and other items where such differences – except in connection with acquisitions – have arisen at the date of acquisition without having an impact on the financial results or the taxable income. In those cases where the tax base can be determined according to alternative taxation rules, deferred tax liabilities will be measured on the basis of the planned use of the asset and the settlement of the liability.

Deferred tax assets, including the tax base of tax losses that may be carried forward, are recognised in 'Other assets' at the value at which they are expected to be used, either through elimination of tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates in the respective countries which, based on the legislation in force at the balance sheet date, will apply when the deferred tax liability is expected to be settled or when the deferred tax asset is expected to be realised. Change in deferred tax resulting from changes in tax rates is recognised in the income statement with the proportion attributable to the profit for the year, and directly in equity with the proportion attributable to transactions recognised directly in equity.

Balance sheet

Assets

Investments in group enterprises

Investments in group enterprises are measured according to the equity method, which means that the value is equal to the proportion of equity in the entities which corresponds to the ownership interest and is calculated in accordance with the accounting policies applied by Besigteles Kontoret af 1914 A/S.

The profit or loss of group enterprises is included in the parent company income statement for the same financial year. The profit or loss of group enterprises is transferred to the reserve for net revaluation according to the equity method under equity. This reserve may not be used for dividend or distribution. The reserve in the parent company is reduced by dividend payments from group enterprises.

Contract work in progress

Contract work in progress is valued at the selling price of the work performed at the balance sheet date. The selling price is measured on the basis of the stage of completion and the total expected income from the contract work.

The stage of completion is calculated as the ratio between the resources spent and the total budgeted resources. For some projects where consumption of resources cannot be used as a basis, instead ratio of completed contract activities and the total activity for the individual project is used.

If the selling price of a contract cannot be measured reliably, the selling price is measured at cost or net realisable value, if this is lower.

Receivables

Receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, which usually corresponds to the nominal value in respect of short-term non-interest-bearing receivables and floating rate receivables.

An estimated provision for expected losses is recognised in the income statement when there is a clear indication that the asset is impaired. The recognised provision is measured as the difference between the asset's carrying amount and a possible lower recoverable amount.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks as well as securities with a maturity of less than three months at the date of acquisition which are readily convertible into cash and which are subject to insignificant risks of changes in value.

Liabilities and equity

Equity

Contributed capital

Shares in Besigtelses kontoret af 1914 A/S are recognised at nominal value.

Reserve for net revaluation according to equity method

The reserve includes net revaluation of investments in Group enterprises according to the equity method.

Sundry reserve / Translation reserve

The translation reserve comprises exchange differences arising from the translation of the equity of foreign subsidiaries at the beginning of the year at the exchange rates prevailing at the balance sheet date and from the translation of income statements from the exchange rate prevailing at the date of transaction into the exchange rates prevailing at the balance sheet date.

Currency translation adjustments are recognised in the income statement if the foreign entity is dissolved or disposed of.

Proposed dividend

Proposed dividend is shown as a separate item under equity. Dividend distribution is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Payables and liabilities

Payables and financial liabilities are measured at amortised cost, which usually corresponds to the nominal value in respect of short-term non-interest-bearing receivables.

Resultatopgørelse 1. jan 2016 - 31. dec 2016

	Note	2016 kr.	2015 kr.
Nettoomsætning		21.912.977	24.069.303
Eksterne omkostninger		-29.645.866	-29.238.114
Bruttoresultat		-7.732.889	-5.168.811
Resultat af ordinær primær drift		-7.732.889	-5.168.811
Andre finansielle indtægter fra tilknyttede virksomheder		-1.501.553	3.683
Andre finansielle indtægter	1	726.829	147.911
Øvrige finansielle omkostninger		-44.596	-30.027
Ordinært resultat før skat		-8.552.209	-5.047.244
Skat af årets resultat	2	1.671.587	1.126.843
Årets resultat		-6.880.622	-3.920.401
Forslag til resultatdisponering			
Foreslået udbytte indregnet under egenkapitalen		4.700.000	0
Reserve for nettoopskrivning efter indre værdis metode		-3.683	3.683
Overført resultat		-11.576.939	-3.924.084
I alt		-6.880.622	-3.920.401

Balance 31. december 2016

Aktiver

	Note	2016 kr.	2015 kr.
Kapitalandele i tilknyttede virksomheder		3.380.770	4.834.037
Finansielle anlægsaktiver i alt	3	3.380.770	4.834.037
Anlægsaktiver i alt		3.380.770	4.834.037
Tilgodehavender fra salg og tjenesteydelser		1.234.128	3.339.835
Igangværende arbejder for fremmed regning		671.552	1.446.658
Tilgodehavender hos tilknyttede virksomheder		1.467.515	1.334.127
Tilgodehavende skat		2.410.254	1.063.135
Tilgodehavender i alt		5.783.449	7.183.755
Likvide beholdninger		20.635.857	15.239.269
Omsætningsaktiver i alt		26.419.306	22.423.024
Aktiver i alt		29.800.076	27.257.061

Balance 31. december 2016

Passiver

	Note	2016 kr.	2015 kr.
Registreret kapital mv.		500.000	500.000
Reserve for nettoopskrivning efter den indre værdis metode .		0	3.683
Øvrige reserver		-106.879	223.654
Overført resultat		2.916.572	14.493.513
Forslag til udbytte		4.700.000	0
Egenkapital i alt		8.009.693	15.220.850
Gældsforpligtelser til tilknyttede virksomheder		21.565.273	12.024.932
Anden gæld, herunder skyldige skatter og skyldige bidrag til social sikring		225.110	11.279
Kortfristede gældsforpligtelser i alt		21.790.383	12.036.211
Gældsforpligtelser i alt		21.790.383	12.036.211
Passiver i alt		29.800.076	27.257.061

Noter

1. Andre finansielle indtægter

	2016	2015
	kr.	kr.
Interest income from Group enterprises	0	1,227
Interest income from cash	0	11,843
Foreign exchange gains	726,829	130,802
Non taxable interest	0	4,039
	<u>726,829</u>	<u>147,911</u>

2. Skat af årets resultat

	2016	2015
	kr.	kr.
Current tax	2,253,556	1,063,135
Changes in deferred tax	-607,440	0
Prior year adjustments	25,471	63,708
	<u>1,671,587</u>	<u>1,126,843</u>

3. Finansielle anlægsaktiver i alt

	Investments in group enterprises 2016 DKK	Investments in group enterprises 2015 DKK
Cost, beginning of year	4,985,521	4,607
Increase	0	4,980,914
Cost, end of year	4,985,521	4,985,521
Net revaluations, beginning of year	-151,484	21
Currency translation adjustments	48,286	-155,188
Share of profit (loss), see disclosure	-1,501,553	3,683
Net revaluations, end of year	-1,604,751	-151,484
Carrying value, end of year	3,380,770	4,834,037

Investments in group enterprises include:

Name, legal form and homeplace	Ownership	Equity	Profit (loss)
Survey Association Pte. Ltd., Singapore (SGD)	100%	3,380,770	-1,501,553

4. Oplysning om eventualforpligtelser

The Company is jointly registered with the majority of the Codan Group's Danish companies for the purpose of payment of VAT and payroll tax and is jointly severally liable for the payment of such taxes.

The Company is jointly and severally liable together with other companies participating in the joint taxation for any dividend tax and royalties imposed within the joint taxation payable by 1 July 2012 or later.

Likewise, the Company is jointly and severally liable together with other companies participating in the joint taxation for any company tax imposed within the joint taxation from and including the income year 2013.

5. Oplysning om ejerskab

Ownership

Codan Forsikring A/S, Gammel Kongevej 60, 1850 Frederiksberg C, owns all of the shares in Besigtelses Kontoret af 1914 A/S.

Group relations

RSA Insurance Group plc, 20 Fenchurch Street, London, England, prepares consolidated financial statements, in which Besigtelses Kontoret af 1914 A/S is included as a subsidiary.