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# ***Hewlett-Packard ApS***

Engholm Parkvej 8, DK-3450 Allerød

## **Annual Report for 1 November 2016 - 31 October 2017**

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CVR No 76 94 59 18

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/3 2018

Jarle Roar Sæbø  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hewlett-Packard ApS for the financial year 1 November 2016 - 31 October 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 at 31 October 2017 of the Company and of the results of the Company operations for 2016/17.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Allerød, 20 March 2018

## **Executive Board**

Carsten Regner Nielsen

## **Board of Directors**

Louise Karlskov Kaasgaard  
Chairman

Luc Pieter M. Opdebeeck

Carsten Regner Nielsen

Marten Thorhauge  
Staff Representative

Kim Agertoft  
Staff Representative

# Independent Auditor's Report

To the Shareholder of Hewlett-Packard ApS

## Opinion

We have audited the financial statements of Hewlett-Packard ApS for the financial year 1 of November 2016 - 31 of October 2017, which comprise an 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 of October 2017 and of the results of the Company's operations for the financial year 1 of November 2016 - 31 of October 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 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 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.

## 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

# Independent Auditor's Report

audit. We also:

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

## **Statement on Management's Review**

Management is responsible for 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

# **Independent Auditor's Report**

required under the Danish Financial Statements Act.

Based on our procedures, 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.

København, 20 March 2018

**Ernst & Young**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

Alex Petersen

State Authorised Public Accountant

mne28604

## **Company Information**

### **The Company**

Hewlett-Packard ApS  
Engholm Parkvej 8  
DK-3450 Allerød

CVR No: 76 94 59 18  
Financial period: 1 November - 31 October  
Municipality of reg. office: Allerød

### **Board of Directors**

Louise Karlskov Kaasgaard, Chairman  
Luc Pieter M. Opdebeeck  
Carsten Regner Nielsen  
Marten Thorhauge  
Kim Agertoft

### **Executive Board**

Carsten Regner Nielsen

### **Auditors**

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4, Postboks 250  
DK-2000 Frederiksberg

### **Bankers**

Danske Bank

Citibank

SEB

## Financial Highlights

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

	2016/17 TDKK	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK	2012/13 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1.341.203	1.401.698	2.466.386	2.996.365	3.217.969
Profit/loss before financial income and expenses	92.011	-16.299	-31.068	69.044	-20.562
Net financials	-7.747	17.942	74.680	45.227	10.822
Net profit/loss for the year	76.228	1.213	40.224	102.582	-10.054
<b>Balance sheet</b>					
Balance sheet total	696.278	907.964	877.595	1.004.157	1.117.767
Equity	251.435	325.207	323.994	283.770	181.188
Investment in property, plant and equipment	686	449	2.473	3.790	5.077
Number of employees	205	259	327	377	417
<b>Ratios</b>					
Return on assets	13,2%	-1,8%	-3,5%	6,9%	-1,8%
Solvency ratio	36,1%	35,8%	36,9%	28,3%	16,2%
Return on equity	26,4%	0,4%	13,2%	44,1%	-5,4%

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

The key figures are not comparable as the figures for the periods 2015/16 - 2012/2013 comprises business divisions that were spun off: HP Inc (2015/16), Enterprise Services (2016/2017) and Software (2016/2017).



# Management's Review

## Main activity

Formed in Denmark in 1967, Hewlett Packard ApS (the Company or HPE) is a wholly owned subsidiary of Hewlett-Packard Corporation, the world's second largest IT company with revenue of USD 37.4 billion in the latest fiscal year. The Danish subsidiary imports, markets and sells a broad range of IT products, solutions and services for enterprise businesses, public institutions and private customers in the Danish market.

HPE sells Hybrid IT infrastructure solutions; including hyperconverged solutions, network solutions, data storage, servers and technical service. HPE Enterprise Service (ES) supplies consultancy and outsourcing services to private businesses and the public sector; while HPE Software sells business-oriented software solutions within cloud, big data, information management and operation management. HPFS offers IT solution financing from HPE and other suppliers.

## Development in the year

The income statement of the Company for 2016/17 shows a profit of TDKK 76,228, and at 31 October 2017 the balance sheet of the Company shows equity of TDKK 251,435.

The revenue decrease from last year should be seen in the light of the divestiture of the HPE Enterprise Services business in the 1st quarter of FY17, and the divestiture of the HPE Software business in the 3rd quarter of FY17. The result is considered satisfactory given the changes to the business composition and organization. Despite this the Company has succeeded in maintaining or increasing its market shares within all its primary market segments.

HPE's network business (Aruba Networks) continued its positive development in a receding market, and the position as a leading network supplier was expanded, by winning public frame agreements with Moderniseringstyrelsen and Region Hovedstaden.

In FY17 the Danish server market again experiences negative growth as in FY12-FY14. HPE is by comparison the biggest supplier in a market that is still turbulent on the manufacturer side, with Asian players entering the market. Further cloud adoption in the SMB segment has impacted the market as customers consider cloud vs on-premise solutions even more. The market for Hyper Converged Systems is growing, and during FY17 HPE positioned as a clear leader since HPE introduced the HPE ProLiant SimpliVity 380 portfolio. We also continue to see a high demand for business critical servers, due to the success in collaborating with SAP on HANA, among others. In FY17 HPE started shipping the new innovative technology, Composable Infrastructure, named Synergy. Major wins have already happened and future growth is forecasted helping customers building hybrid IT. The latest generation ProLiant servers (Gen10) have been introduced focusing on security, agility and flexible consumption models animating customers to either replace or expand existing infrastructure. Persistent memory develops to the next level giving database applications more performance and this will animate the market to replace current platforms.

HPE Denmark consolidated leadership in the strategic All-Flash storage array market segment with a #1 market share position. In FY17 HPE strengthened the storage portfolio with the strategic acquisition of Nimble Storage – a highly successful solution in the Danish market - supporting HPE's strategy for

## **Management's Review**

growth in Hybrid IT.

During FY17 the Technology Service Division changed name to Pointnext. Pointnext consists of three pillars: Advisory and transformational services, Professional Services and Operational Services. FY17 was a disappointing year, with negative growth on orders, while revenue and margin is still on a satisfactory level.

More than 75% of HPE's products and solutions are delivered to the market in cooperation with partners. It is important to HPE to be a trustworthy and profitable supplier that actively and visibly develops the market. The Partner Ready program, supporting the building and maintenance of sales, architecture and delivery competences with our resellers and distributors, facilitates this so that HPE's customers receive the competent services and attain the business targets driving their purchase decision.

HPE also supports the channel with new services, as the market demands as-a-service supplies alongside conventional on-premise solutions.

Finally, HPE works to improve response times and precision in relation to the handling of queries in cooperation with distributors through the Partner Ready portal.

### **Significant events**

On January 1 2017 the Company spun off its Enterprise Services business to a separate legal entity, Enterprise Services Denmark ApS. Up until March 31 2017 it was still part of the HPE group, but on 1 April sold to a third party, DXC Technology.

On June 1 2017 the Company spun off its Software business to a separate legal entity, Entco Denmark ApS. Up until 31 August 2017 it was still part of the HPE group, but on 1 September 2017 sold to a third party, Micro Focus.

### **Operating risks**

The Company's revenue and earnings are highly vulnerable to general economic developments. Therefore, the persistent economic slowdown is likely to impact adversely on the Company's financial performance.

The Company's results are also affected by competitors' market activities. The Company competes on brand, technology, performance, price, quality, reliability, customer relations, distribution, security, cost structure, price structure and availability. If the Company's products, solutions and services are unable to compete successfully on these parameters, its results will suffer. Persistent price drops and fluctuations in the US dollar rate may also affect revenue and earnings.

The Company relies on the parent company's continuous development and manufacture of the products demanded by the Danish market. Finally, the Company's supply capability might be impacted by insufficient production capacity as a result of e.g. natural disasters.

# Management's Review

## Outlook

Due to the planned spin-off of Enterprise Services and Software business in the coming year the Company's total revenue and result for FY18 is expected to be lower than FY17. On the existing business activities results are expected to be in line with FY17.

## Employee care

Throughout 2017, the Company worked to maintain and improve employee satisfaction through targeted activities within employee involvement, management and execution as well as HP's values and culture.

Healthy food in the cafeteria, a fitness center and massage is offered to employees onsite. Further, the Company has maintained and expanded its many employee benefits in the form of family activities and employee and sports clubs.

## Statement of corporate social responsibility

HP operates a wide-ranging global CSR and Global Citizenship program and publishes an annual Global Citizenship report describing the Group's CSR targets and activities.

The Company has not established local policies for Corporate Social Responsibility, including climate, environment and human rights impact, but as a part of the Group, the Company is subject to these policies. For further details on the HP Group's CSR policies and strategies, please see the CSR report on the parent company's website:

<http://www8.hp.com/us/en/hpe/hp-information/livingprogress/reporting.html>

## Statement on gender composition

The board has set an objective for the underrepresented gender of 33.3 percent, equal to one out of three members, chosen by the general assembly. In FY17 this objective has been met, as one out of three general assembly elected board members is female.

25 percent of the Company's employees are women. The Company assesses this share to reflect the gender balance, which generally applies within the Company's business area. The Company strives to achieve an equal gender balance within management. According to the most recent statement, the Company has 44 percent female managers, and hence the gender balance cannot yet be considered equal. To increase the number of female managers the company encourages women to participate in global mentorships and groups for knowledge sharing specifically targeted women.

## Unusual events

The financial position at 31 October 2017 of the Company and the results of the activities of the Company for the financial year for 2016/17 have not been affected by any unusual events.

## **Management's Review**

### **Subsequent events**

No events that could materially impact the Company's financial position have occurred subsequent to the financial year-end.

## Income Statement 1 November - 31 October

	Note	2016/17 TDKK	2015/16 TDKK
<b>Revenue</b>	1	<b>1.341.203</b>	<b>1.401.698</b>
Other operating income	2	93.695	1.349
Cost of sales		-1.068.354	-1.090.559
Other external expenses		-56.878	-61.437
<b>Gross profit/loss</b>		<b>309.666</b>	<b>251.051</b>
Staff expenses	3	-213.950	-250.201
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4	-3.705	-17.109
Other operating expenses	5	0	-40
<b>Profit/loss before financial income and expenses</b>		<b>92.011</b>	<b>-16.299</b>
Financial income	6	19.150	20.953
Financial expenses	7	-26.897	-3.011
<b>Profit/loss before tax</b>		<b>84.264</b>	<b>1.643</b>
Tax on profit/loss for the year	8	-8.036	-430
<b>Net profit/loss for the year</b>		<b>76.228</b>	<b>1.213</b>

# Balance Sheet 31 October

## Assets

	Note	2016/17 TDKK	2015/16 TDKK
Goodwill		5.345	7.033
<b>Intangible assets</b>	9	<b>5.345</b>	<b>7.033</b>
Plant and machinery		45	324
Other fixtures and fittings, tools and equipment		38	147
Leasehold improvements		605	2.336
Property, plant and equipment in progress		9	55
<b>Property, plant and equipment</b>	10	<b>697</b>	<b>2.862</b>
Receivables from group enterprises		382.750	557.545
<b>Fixed asset investments</b>	11	<b>382.750</b>	<b>557.545</b>
<b>Fixed assets</b>		<b>388.792</b>	<b>567.440</b>
<b>Inventories</b>		<b>17.440</b>	<b>12.801</b>
Trade receivables		23.011	167.100
Receivables from group enterprises		161.047	96.206
Other receivables		980	4.373
Deferred tax asset	15	8.600	11.400
Prepayments	12	2.710	2.984
<b>Receivables</b>		<b>196.348</b>	<b>282.063</b>
<b>Cash at bank and in hand</b>		<b>93.698</b>	<b>45.660</b>
<b>Currents assets</b>		<b>307.486</b>	<b>340.524</b>
<b>Assets</b>		<b>696.278</b>	<b>907.964</b>

# Balance Sheet 31 October

## Liabilities and equity

	Note	2016/17 TDKK	2015/16 TDKK
Share capital		31.101	31.101
Retained earnings		146.194	144.106
Proposed dividend for the year		74.140	150.000
<b>Equity</b>	13	<b>251.435</b>	<b>325.207</b>
Other provisions	16	19.829	15.596
<b>Provisions</b>		<b>19.829</b>	<b>15.596</b>
Trade payables		17.920	23.019
Contract work in progress, liabilities		2.613	3.642
Payables to group enterprises		79.987	150.049
Corporation tax		2.558	2.064
Other payables		80.057	100.604
Deferred income	17	241.879	287.783
<b>Short-term debt</b>		<b>425.014</b>	<b>567.161</b>
<b>Debt</b>		<b>425.014</b>	<b>567.161</b>
<b>Liabilities and equity</b>		<b>696.278</b>	<b>907.964</b>
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Accounting Policies	21		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 November	31.101	144.106	150.000	325.207
Ordinary dividend paid	0	0	-150.000	-150.000
Net profit/loss for the year	0	2.088	74.140	76.228
<b>Equity at 31 October</b>	<b>31.101</b>	<b>146.194</b>	<b>74.140</b>	<b>251.435</b>



## Notes to the Financial Statements

	<u>2016/17</u>	<u>2015/16</u>
	TDKK	TDKK
<b>1 Revenue</b>		
Revenue, Denmark	848.982	1.030.014
Revenue, exports	<u>492.221</u>	<u>371.684</u>
	<b><u>1.341.203</u></b>	<b><u>1.401.698</u></b>
<b>2 Other operating income</b>		
Profit on sale of fixed assets	0	1.349
Gain on sale of activity	<u>93.695</u>	<u>0</u>
	<b><u>93.695</u></b>	<b><u>1.349</u></b>
<b>3 Staff expenses</b>		
Wages and salaries	197.183	229.591
Pensions	14.942	18.515
Other social security expenses	<u>1.825</u>	<u>2.095</u>
	<b><u>213.950</u></b>	<b><u>250.201</u></b>
<b>Average number of employees</b>	<b><u>205</u></b>	<b><u>259</u></b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## Notes to the Financial Statements

	2016/17	2015/16
	TDKK	TDKK
<b>4 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets</b>		
Amortisation of intangible assets	1.688	3.732
Depreciation of property, plant and equipment	2.017	1.751
Impairment of intangible assets	0	11.626
	<b>3.705</b>	<b>17.109</b>
Which is specified as follows:		
Goodwill	1.688	3.732
Plant and machinery	38	220
Other fixtures and fittings, tools and equipment	346	127
Leasehold improvements	1.633	1.404
Impairment goodwill	0	11.626
	<b>3.705</b>	<b>17.109</b>
<b>5 Other operating expenses</b>		
Loss on sale of activity	0	13
Loss on sale of fixed assets	0	27
	<b>0</b>	<b>40</b>
<b>6 Financial income</b>		
Interest received from group enterprises	19.149	20.931
Other financial income	1	22
	<b>19.150</b>	<b>20.953</b>
<b>7 Financial expenses</b>		
Interest paid to group enterprises	72	474
Other financial expenses	605	1.430
Exchange losses	26.220	1.107
	<b>26.897</b>	<b>3.011</b>

## Notes to the Financial Statements

	2016/17 TDKK	2015/16 TDKK
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	5.236	4.986
Deferred tax for the year	2.800	-6.548
Adjustment of tax concerning previous years	0	1.992
	<b>8.036</b>	<b>430</b>

### 9 Intangible assets

	Goodwill TDKK
Cost at 1 November	22.391
Cost at 31 October	22.391
Impairment losses and amortisation at 1 November	15.358
Amortisation for the year	1.688
Impairment losses and amortisation at 31 October	17.046
<b>Carrying amount at 31 October</b>	<b>5.345</b>

### 10 Property, plant and equipment

	Plant and machinery TDKK	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK	Property, plant and equipment in progress TDKK
Cost at 1 November	1.194	1.716	10.469	55
Additions for the year	0	272	414	0
Disposals for the year	-1.112	-657	-975	-46
Cost at 31 October	82	1.331	9.908	9

## Notes to the Financial Statements

### 10 Property, plant and equipment (continued)

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Impairment losses and depreciation at 1 November	870	1.569	8.133	0
Depreciation for the year	38	346	1.633	0
Reversal of impairment and depreciation of sold assets	-871	-622	-463	0
Impairment losses and depreciation at 31 October	37	1.293	9.303	0
<b>Carrying amount at 31 October</b>	<b>45</b>	<b>38</b>	<b>605</b>	<b>9</b>

### 11 Fixed asset investments

	Receivables from group enterprises
	TDKK
Cost at 1 November	557.545
Disposals for the year	-174.795
Cost at 31 October	382.750
<b>Carrying amount at 31 October</b>	<b>382.750</b>

### 12 Prepayments

Prepayments consist of prepaid expenses concerning support contracts.

# Notes to the Financial Statements

## 13 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u>
		TDKK TDKK
Anparter	30.000	30.000
A-anparter	500	500
A-anparter	1.000	1
B-anparter	500	500
C-anparter	100	100
		<u><b>31.101</b></u>

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

## 14 Distribution of profit

	<u>2016/17</u>	<u>2015/16</u>
	TDKK	TDKK
Proposed dividend for the year	74.140	150.000
Retained earnings	2.088	-148.787
	<u><b>76.228</b></u>	<u><b>1.213</b></u>

## 15 Deferred tax asset

Deferred tax asset at 1 November	11.400	4.852
Amounts recognised in the income statement for the year	<u>-2.800</u>	<u>6.548</u>
<b>Deferred tax asset at 31 October</b>	<u><b>8.600</b></u>	<u><b>11.400</b></u>

The recognised tax asset comprises loss carry-forwards expected to be utilised within the next 5 years.

## 16 Other provisions

Warranty	<u>19.829</u>	<u>15.596</u>
	<u><b>19.829</b></u>	<u><b>15.596</b></u>

# Notes to the Financial Statements

## 17 Deferred income

Deferred income primarily relates to accrued support contracts booked as income over the terms of the contracts.

	<u>2016/17</u>	<u>2015/16</u>
	TDKK	TDKK
<b>18 Contingent assets, liabilities and other financial obligations</b>		

### Contingent assets

The company has a non-recognised tax asset of DKK 68.7 million in FY17. (DKK 72 million FY16)

### Rental and lease obligations

Rent and lease obligation, period of interminability 3 up to years	11.709	9.124
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### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 19 Related parties

### Basis

#### Controlling interest

Hewlett-Packard The Hague B.V., Amstelveen, The Netherlands	Parent company
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#### Transactions

All transactions with related parties are conducted at arm's length.

# Notes to the Financial Statements

## 19 Related parties (continued)

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Hewlett-Packard The Hague B.V., Amstelveen, The Netherlands

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Companies

<u>Name</u>	<u>Place of registered office</u>
Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. ( parent company)	

The Group Annual Report of Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. (parent company) may be obtained at the following address:

Hewlett-Packard Company, 3000 Hanover Street, Palo Alto, Californien, USA  
Hewlett-Packard The Hague B.V., Startbaan 16, 1187 XR Amstelveen, The Netherlands

## 20 Fee to auditors appointed at the general meeting

### Ernst & Young

Audit fee

	<u>2016/17</u>	<u>2015/16</u>
	<u>TDKK</u>	<u>TDKK</u>
	293	293
	<u>293</u>	<u>293</u>

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Hewlett-Packard ApS for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016/17 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. ( parent company), the Company has not prepared a cash flow statement.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

### Revenue

Information on geographical segments based on the Companys risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

#### Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

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

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses net of refunds made by public authorities.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of goodwill and property, plant and equipment.

#### Other operating income and expenses

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Financial income and expenses

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

### Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-10	years
Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5-15	years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

### **Fixed asset investments**

Fixed asset investments consist of long term receivables from group enterprises.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale equals landed cost as well as other costs directly attributable to the acquisition.

### **Receivables**

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

### **Prepayments**

Prepayments comprise prepaid expenses concerning subsequent financial reporting years.

### ***Dividend***

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

### **Provisions**

Provisions comprise expected expenses relating to guarantee commitments, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

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

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

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

### Current tax receivables and liabilities

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

### Other payables

Other payables are measured at net realisation value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

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