



# KPMG annual report

On a successful journey to growth

**1 October 2015 – 30 September 2016**

[kpmg.dk](http://kpmg.dk)

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CVR no. 25 57 81 98

KPMG P/S  
Dampfærgevej 28  
2100 København Ø

The annual report was presented and adopted at the Company's annual general meeting on 23 February 2017.

# INSPIRE CONFIDENCE EMPOWER CHANGE

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# Management's review

## Company details

KPMG P/S  
Dampfærgevej 28  
2100 København Ø  
  
Telephone: +45 70 70 77 60  
Website: www.kpmg.dk  
E-mail: kpmgdanmark@kpmg.com

CVR no.: 25 57 81 98  
Established: 11 December 2013  
Financial year: 1 October – 30 September

## Board of Directors

Anette Harritz (Chairman)  
Anja Bjørnholt Lüthcke  
Benny Lyng Sørensén  
Bo Johansen  
Danny Golan

## Executive Board

Thomas Hofman-Bang

## Auditor

Redmark  
Statsautoriseret Revisionspartnerselskab  
Dirch Passers Allé 76  
2000 Frederiksberg

## Financial highlights

DKK'000	2015/16	2015 9 months	2013/14
<b>Key figures</b>			
Revenue	368,832	205,451	63,200
Profit/loss from financial income and expenses	759	-2,480	-7,912
<b>Profit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>257,703</b>	<b>275,567</b>	<b>215,487</b>
Investment in equipment and leasehold improvements	14,876	15,649	5,070
<b>Equity</b>	<b>560</b>	<b>560</b>	<b>500</b>
Cash flows from operating activities	42,677	-21,633	22,291
Cash flows from investing activities	-13,990	-20,996	-13,025
Cash flows from financing activities	-5,614	19,128	16,649
<b>Total cash flows</b>	<b>23,073</b>	<b>-23,501</b>	<b>25,915</b>
Operating margin	-0.2%	1.2%	12.5%
Current ratio	92.2%	88.6%	94.5%
Return on equity	0.0%	0.0%	0.0%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Our results for the financial year reflect our economic condition: our continued strong growth and the provision of financial support by KPMG International. We have incurred significant costs in this period in relation to our new premises, recruitment, IT and systems set-up, in which we have invested quickly to ensure the delivery of high-quality services to our clients. Part of the capitalised leasehold cost has been impaired in the year. This year's revenue is in line with our goals, and our net result is as expected given the support we receive from KPMG International.



“KPMG is on a successful journey to growth. Our solid results in FY16 reflect the strength of our strategy and our ability to be a catalyst for change and ignite potential, solving the issues that matter the most to our clients.”

**Thomas Hofman-Bang**  
CEO and Senior Partner



# On a successful journey to growth in Denmark

## KPMG in Denmark

KPMG in Denmark<sup>1</sup> has had a strong year successfully pursuing a strategy that will differentiate ourselves in the Danish market and the Nordics. In less than three years, KPMG in Denmark has achieved an ambitious milestone by attracting approximately 500 skilled employees and reaching annual revenue in the range of DKK 500 million across audit, advisory and tax, which is six times the revenue base we started off with in 2014. It signifies the strength of our strategy and our ability to be a catalyst for change and ignite potential among our clients, working seamlessly across audit, tax and advisory as one firm.

## Market and clients

We assist our clients in navigating and succeeding in a disruptive and uncertain world reshaped by data and exponential technology. In the past year, we have worked shoulder to shoulder with our clients to become successful in this new competitive landscape. Our principal activities are the provision of professional services to Danish and foreign businesses within the technical expertise areas of audit, tax and advisory services. We do this across a wide and growing range of services, including the audit of financial statements, other assurance engagements, management consulting, risk consulting and deal advisory.

We have introduced new service lines in Audit with focus on providing assurance and accounting advisory services and delivering data-driven

auditing to better serve our clients. In addition, KPMG in Denmark strives to be the trusted advisor for medium-sized to large sized clients in the mid-market segment: We call this initiative “KPMG Enterprise”. Initiatives like this one help our clients see a difference in us and increase our competitiveness.

In Advisory, we have established the new service line NewTech, advising clients across industries in Denmark and the Nordics operating in the intersection of business strategy and disruptive technologies like artificial intelligence and Robot process automation. We implement and analyse the business case in parallel to ensure that return on investment is attained quickly.

The tax landscape is undergoing tremendous change and the rate of regulatory change has never been greater. We see an increased demand for professional assistance, which requires more than just a standard tax advisor. Our highly specialized teams of experts have successfully worked on a multitude of tax-related issues across our clients businesses resulting in strong growth.

Market regulations are constantly pushing us to perform better and smarter. This means spreading our competence centres to include Aalborg and Kolding as offices, resulting in five offices operating in an agile set-up.

## People

Looking back on 2015/16, we sustain a high-performance culture and focus on developing our people: This year, 69 employees were promoted across services lines and positions, including three partners from both Audit and Advisory. 27 new graduates kick-started their career in our tailor-made Graduate Journey with a two-week intensive training programme in Lithuania. Our global mindset is visible in everything we do from the way we leverage our global network of experts to our international workforce and use of English as corporate language.

Gender diversity ranks high on the leadership agenda. 40% of the Board of KPMG P/S are currently women while 40% of the workforce are women. Currently, the leadership team consist of men only after our female COO was promoted to a position in UK.

## Compliance

The EU Audit reform is a game changer opening up for significant business opportunities as well as posing additional challenges and increased complexity.

We are on a successful journey and we are ready to bring our ambition to be the clear choice even further and accelerate towards our strategic priorities and further growth.

1. KPMG P/S and KPMG Acor Tax P/S



# Our strategic outlook: Accelerating towards 2018

KPMG has achieved important milestones over the past year, and we are successfully pursuing a sustainable growth strategy. For 2016/17, we will focus on growing in a controlled and profitable way. The overall marketplace is growing and we expect an increased demand for our services across audit, tax and advisory.

We are striving to become the clear choice to our clients by solving the issues that matter the most to them and having a relentless focus on quality and excellent service.

## Our clients see a difference in us

We strengthen and develop our services for clients based on deep industry knowledge, which is underpinned by innovative and advanced technologies. As part of our strategy, we are stepping up our efforts to deliver cutting-edge services within artificial intelligence and automation across the Nordics with our new service line NewTech.

We intend to continue to grow our client base by leveraging our existing network through a one-firm delivery approach working together across functions to come forward with the right team for our clients.

Working closer with our global colleagues represents an important priority for us. It expands our capabilities to innovate and deliver value to our clients across borders.

As an example, KPMG has developed a next-generation audit platform, KPMG Clara, based on predictive analytics, cognitive computing and automation, which will benefit our clients going forward. The use of technology is also an increasing part of our tax work for example by mining data to find tax insights.

## Our people are extraordinary

We will continue to strengthen our competence centres in Copenhagen, Aarhus, Aalborg and Kolding in an agile set-up recruiting experienced and highly talented people in all locations.

KPMG thrives on a young-at-heart culture. We believe different skill sets and diversity foster a more innovative working environment and strengthen our global mindset: We will therefore keep scouting for the best value-driven and purpose-led talents from Denmark and abroad.

There is a strong focus to increase our diversity in the coming years, both in respect of the workforce but also in the leadership team. Beyond the social duty to create equal opportunities for all regardless of gender, we know that a diverse workforce performs better together. We therefore aim to continuously improve the gender balance over the coming years aiming for 50% employed

women three year from now and at least one female representative in the leadership team.

## The public trust us

For the public to trust us, KPMG will focus on acting as a role model, being valued by investors and respected in our profession. We thrive to improve communities on a local scale, such as empowering refugees to jump-start a career in Denmark, as well as supporting the UN Climate Conferences on a global scale. The newly established CSR committee will ensure KPMG in Denmark's next strategic sustainable moves.







### Operational risk

The operational risks facing our business include those we have in common with other professional services firms. This is notably a deterioration in market conditions, claims and reputational damage caused by either an actual or suspected failure to deliver services of appropriate quality, or by taking on inappropriate clients or engagements. We have implemented a system of quality control based on KPMG International's Quality Framework. Our Transparency Report, issued on 27 December 2016, describes the key elements of our quality control system.

We are committed to consistently achieving the highest standard of quality, ethics and integrity in day-to-day activities as a responsibility we bear to our clients, regulators, communities and capital markets. Find the Transparency Report on our website, [www.kpmg.dk](http://www.kpmg.dk).

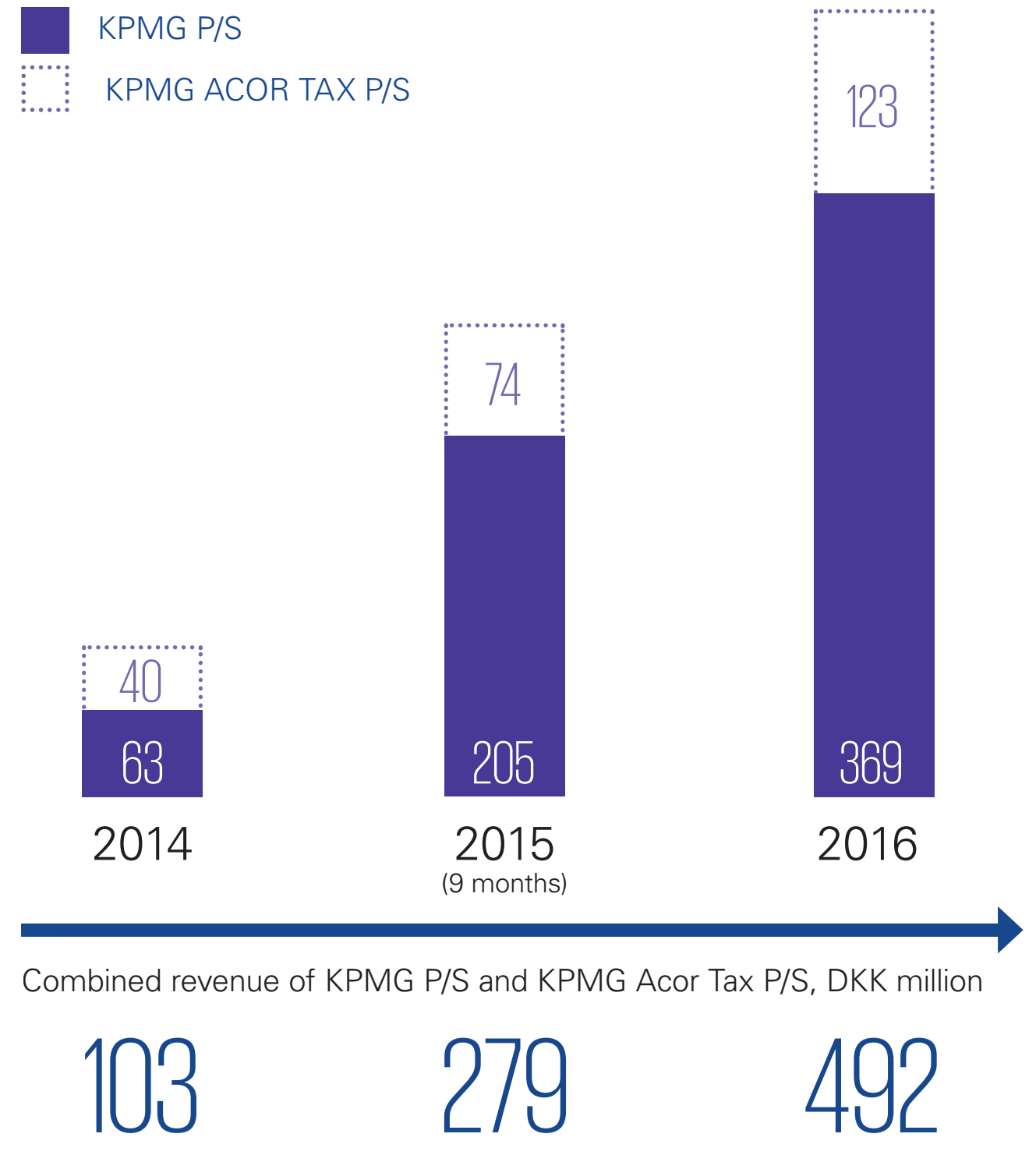
### Financial risk

We have received funding in two ways: grants from KPMG International not requiring repayment/reimbursement and loans denominated in USD. KPMG International will continue this form of support, and we acknowledge what this exposes us to risks related to the USD exchange rate variations. We are also exposed to credit risk though we do not have material credit risk on individual debtors.

### Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the financial statements for 2015/16.

## Increase in revenue



# Global network

KPMG is a global network of professional services firms providing audit, tax and advisory services to a wide variety of public and private sector organisations. Each member firm is a separate legal entity. In Denmark, KPMG is organised in two separate legal entities which provide services through a cross-functional collaboration between KPMG P/S (licence to provide audit and advisory services) and KPMG Acor Tax P/S (licence to provide tax services).

188,982



Global no. of employees & partners

8.0%



Global growth rate  
(in local currency)

25,42



Combined global revenue  
USD \$ billion

152



Countries with KPMG member firms

# Denmark

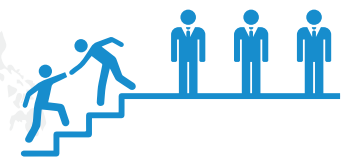
In the work we do for our clients, we reflect the KPMG brand, we go to market with the same integrity and understanding of our clients' needs and we combine resources in order to achieve the best results. Illustrations on pages 10 and 12 are pro forma numbers reflecting our activities in the Danish market, during the period 1 October 2015 to 30 September 2016.

499



Total no. of employees & partners

161



Total no. of employees & partners  
onboarded

5



No. of offices in KPMG in Denmark

27

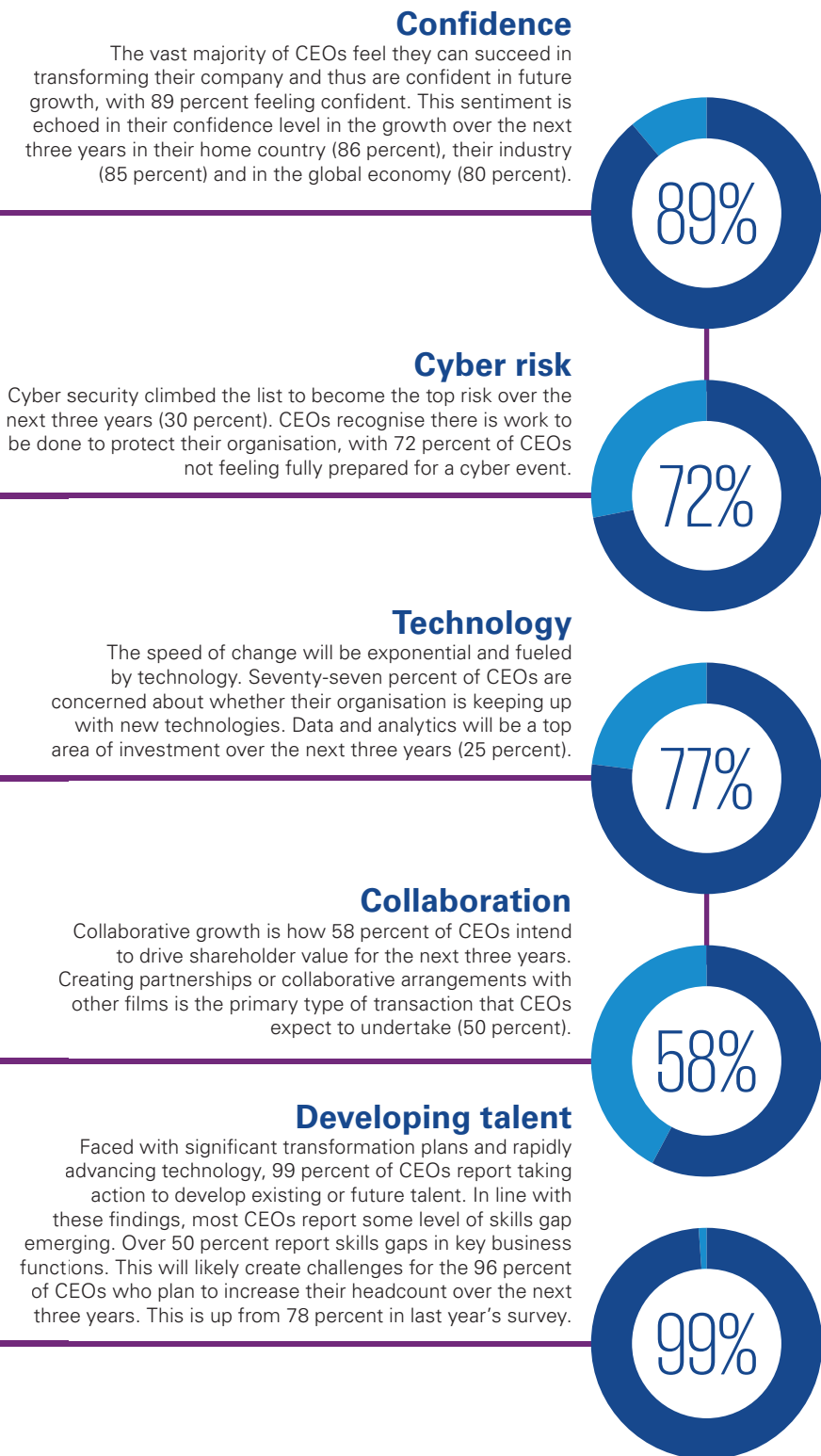
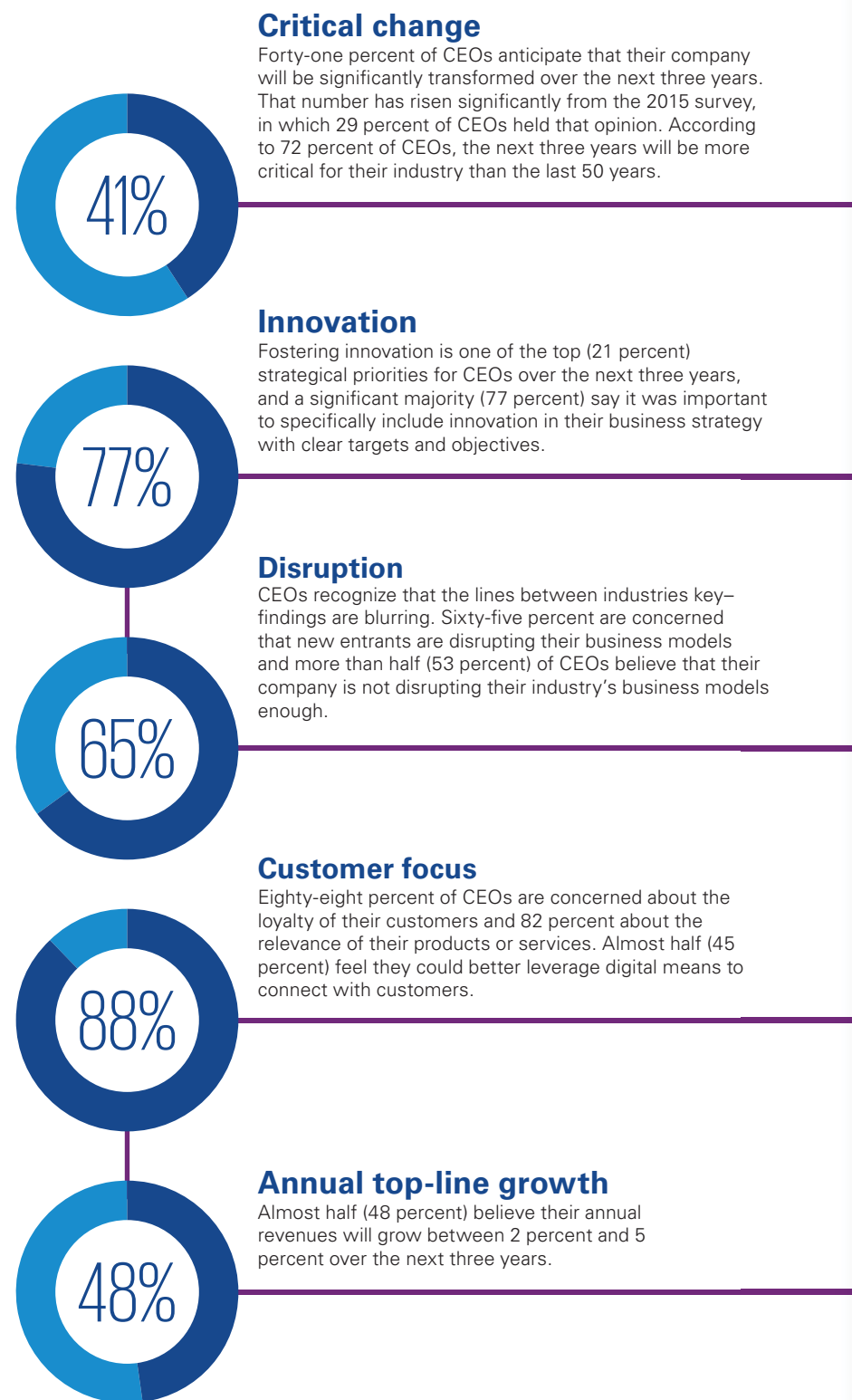


No. of graduates joining  
"The Journey"



# Innovating and delivering

## Key findings



“CEOs and Boards expect massive changes in the coming years. Being adaptive and able to transform the company to stay ahead of the global competition will be a key factor. It is no easy task, and requires senior advisors who have experience working with large transformations and who are able to navigate at the intersection of strategy, business and innovative technology.”

**Morten Mønster**  
Head of Advisory

We operate in a new world. The force and speed with which technological innovation is moving through the economy is creating an inflection point for the business sector. A significant majority of CEOs recognise the importance to foster a culture of innovation, respond quickly to technological opportunities and invest in new processes, according to our CEO Outlook 2016. This research is based on insights from nearly 1,300 CEOs from companies across 11 industries in 10 countries.

The CEO Outlook 2016 highlights the key challenges CEOs are concerned about in the coming years addressing areas like new technologies and customer loyalty. The survey shows how lines separating industries, companies, technologies and customers are disappearing. CEOs believe that technological change will be one of the biggest factors impacting their businesses going forward.

At KPMG in Denmark, our teams are working shoulder-to-shoulder with clients to successfully navigate in a complex and competitive landscape filled with vast potential, but also an increasing level of uncertainty and new threats.



# Audit: Your trusted advisor

Businesses, governmental organisations, charities and enterprises of all shapes and sizes have an important role to play in fostering sustainable growth, investment and job creation. Their ability to succeed affects our everyday lives and ultimately our future.

The success of businesses, and organisations as well as individuals depends on a certain level of trust: The trust of those providing capital, resources and labour; the trust gained from customers; the trust from governing organisations and from those regulating them.

Working in the public interest, independence, objectivity and professional scepticism, above all acting with integrity, are the cornerstones of our business. Dealing with some of the most sensitive and difficult matters requires both talented experts and extraordinary people to provide services to thousands of clients in diverse marketplaces.

KPMG's multi-disciplinary approach and deep industry knowledge help clients tackle challenges and respond to opportunities they are met with.

We take our role in building trust seriously, working towards providing the highest quality of work for clients and all of our stakeholders.

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“To become the clear choice, both as auditor and advisor, an important prerequisite is for the public to trust us. At KPMG, we are passionate about quality and continuous improvement. We drive a relentless focus on quality and service excellence and aspire to be the standard of trust in our profession. We recognise that trust is not a “given” – it must be earned.”

**Henrik O. Larsen**  
Head of Audit

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### Advancing medium to large businesses' growth

All companies have a business cycle – from starting-up to maturing, every growth stage presents its own set of opportunities and challenges. In 2016, KPMG in Denmark entered the mid-market segment with the KPMG Enterprise initiative. KPMG Enterprise advises and provides audit services to private small to medium-sized businesses: KPMG professionals understand what it takes for these firms to be successful at each stage of their business, whether they are looking for growth, expanding internationally, strengthening or exiting their business. Clients gain access to KPMG's global resources through a single point of contact, their trusted advisor: It is a local touch with a global reach.



# Advisory: Innovating for clients

## Unlocking potential in the financial sector

Ever changing financial regulation is still a challenge for both the banking and the insurance industries, and public focus on compliance has never been more intense.

At the same time, digitalisation and increasing demands for efficiency and improved customer services in online solutions result in an urge for change in the financial sector.

KPMG's Financial Sector team constitutes a unique blend of capabilities covering audit and assurance specialists, compliance and regulation specialists, quant and risk modelling specialists as well as new tech specialists and general management consulting skills.

Our professionals enjoy working in cross functional teams and strive to provide our financial sector clients with a clear business perspective on both compliance related projects and investments in new technology.

We follow our clients locally, across the Nordic countries and globally in relation to e.g. sourcing projects.

## Winning with a client-centric customer approach

Today, customers are expecting continuous attention, innovative products, personalised channels, competitive prices and 24/7 availability from companies.

Eighty-two percent of CEOs are concerned about the relevance of their products and/or services according to our CEO Outlook 2016 survey.

The challenge is thus to understand customers' needs and wants before they know it themselves. Anticipating their needs allows companies to manage new customers' experiences and interactions to build a closer relationship with them, reach existing customers in a more efficient way and proactively change the perception of unhappy or churning customers. Applying a holistic, customer-centric approach based on advanced analytics is the key to creating a seamless customer experience. The end goal is to ease the customers' journey with the company: KPMG in Denmark has appointed a dedicated team that designs and executes clients' customer experience strategy to set them apart from competition.

## Deal Advisory: real results, achieved by integrated specialists

Business today is under more pressure than ever to deliver better, lasting results for stakeholders – perhaps best illustrated by current high M&A activity levels despite uncertain political and economic climates. For almost two years in a row, we have seen record-high transaction volumes, and we are not seeing any signs that the market is cooling off – thus, we expect 2017 to be yet another good transaction year.

At KPMG, we think like an investor – assisting our clients to look at how opportunities to buy, sell, partner, fund or fix a company can add and preserve value. We assist our clients at deal speed to help them see beyond immediate challenges to future opportunities that could drive strategic change, giving our clients the confidence to make the right decision at the right time. Every decision must be made in light of our clients' entire business, the sector they operate in and the global economy.

We combine our deep sector knowledge, leading analytic tools – e.g. by providing deep analytics from unstructured data on how a business generates its sales and profits – and a global mindset with local expertise to help our clients achieve results. Our integrated team of specialists helps our clients navigate a complex, fragmented process, so they can stay out in front of the issues and make their decisions count.

At KPMG Deal Advisory, we have a seamless offer running from strategy through to execution to achieve real results. Those results let our clients clearly see what they gained from the deal at hand, and what they want to bring to the next deal down the road.

The Danish Deal Advisory team consists of more than 35 specialists who cover all needs on a transaction ranging from financial and commercial due diligence to valuation to M&A advisory. We are part of a global team of more than 9,500 Deal Advisory professionals.

“Looking forward, there is no doubt that successful transaction outcomes will more than ever be driven by a deep and insightful understanding of the target sector, combined with the capability to quickly and coherently analyse data to its most granular level. It is my mission to assist our clients with that agenda.”

**Dale Treløkken**  
Head of Deal Advisory





## Cyber security: the best offence is a good defence

Many, both large and small organisations have become victims of cyber breaches – wreaking havoc by taking business critical IT systems offline, revealing corporate confidential information or compromising consumer identities. The effects of all these cyber-attacks are costly and lead to loss of credibility and brand reputation value.

CEO's are increasingly spending their time thinking about cyber security risks, with 72%\* acknowledging they are not fully prepared to combat cyber incidents

KPMG in Denmark brings a business perspective to cyber security applicable at all organisational levels, from the boardroom to the back office. We help translate cyber risk for board members and senior committees into actionable tasks, putting cost-effective cyber security on the enterprise agenda. Clients can then protect their critical assets, have confidence in their operations and risk profile and thus run with confidence to new opportunities.

At KPMG, we turn cyber risks into competitive advantages.

\*KPMG Global CEO Outlook 2016

## Preparing for the EU General Data Protection Regulation

In the era of data and digitalisation, citizen and consumer information is increasingly collected and used in the provisioning of services to both individuals and businesses. Numerous significant data leaks have indicated that the current level of privacy protection needs improvements.

With the EU General Data Protection Regulation coming into effect in 2018, organisations are now looking to KPMG to understand the new requirements, identify gaps and prepare the best approach to mitigate them.

For many organisations, this is a significant task requiring changes across business processes, policies and the IT landscape.

At KPMG we are uniquely positioned to assist our clients in this transformation, assembling teams of both regulatory, functional and IT specialists. Most importantly, we understand our clients' business environments and know that if done efficiently, good privacy is good business.

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“KPMG in Denmark brings a business perspective to cyber security applicable at all organisational levels, from the boardroom to the back office.”

**Kasper Carøe**  
Head of KPMG Cyber

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## Igniting potential in the public sector

Central, local and regional governments, as well as state owned companies are responsible for a range of key public sector infrastructure and services. However, public organisations are under pressure to deliver more value at reduced costs, whilst navigating political reforms, demographic change and digitalisation.

Public Sector professionals working at KPMG in Denmark, many of whom have held public sector roles, combine their hands-on and local experience with insight from our global network to help our clients implement transformational strategies.

Working together with our clients, we deliver meaningful results stemming from deep understanding of the issues at stake, an intimate appreciation of how the public sector works and global and local insights into the relevant cultural, social and political environment.

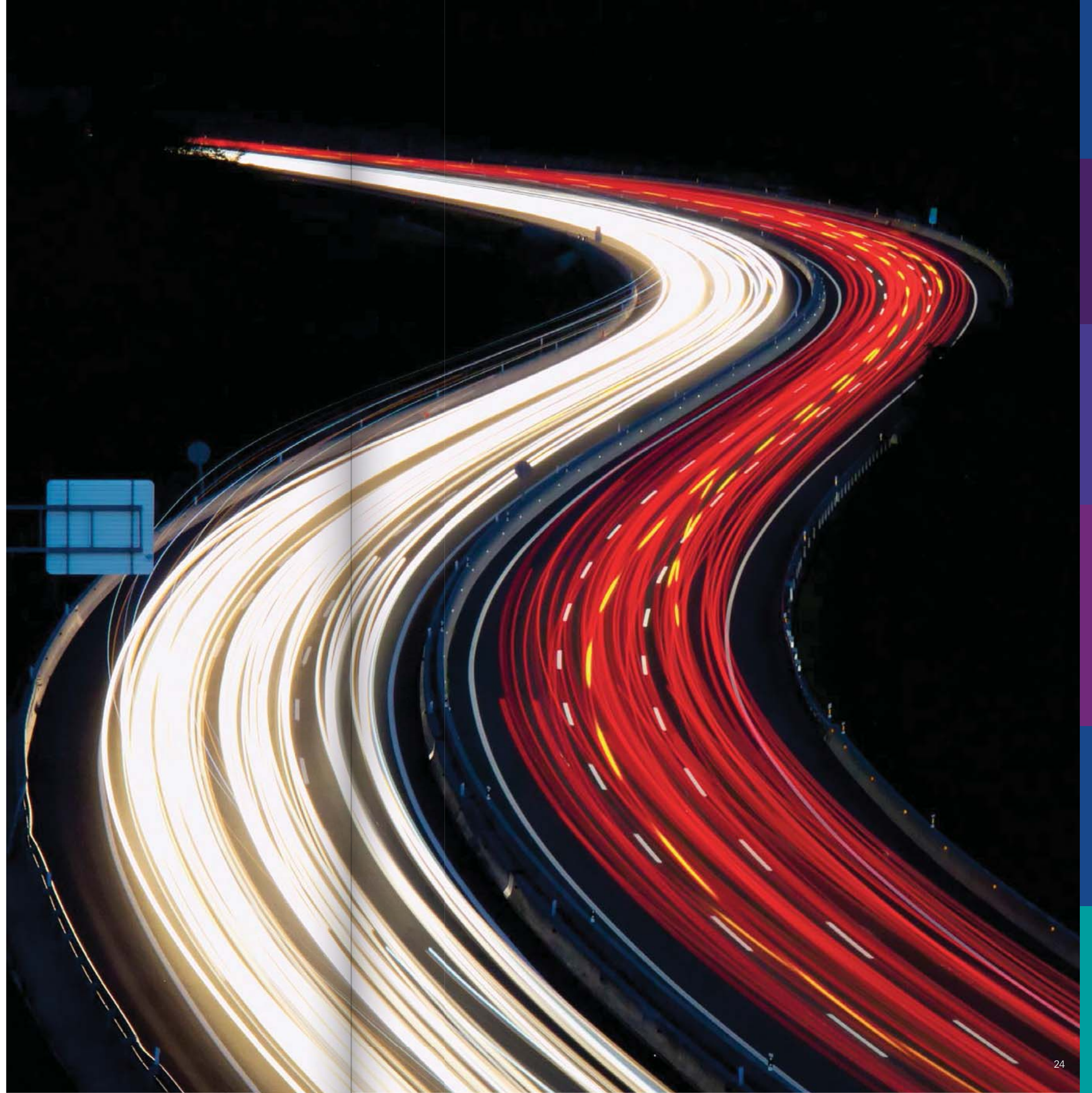
We focus on infrastructure and healthcare and our purpose-driven professionals have impressive track records within these sectors – globally as well as in Denmark.

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“The Signalling Programme has been through a difficult period in 2016 with the announcement of material delays of the programme. KPMG has been a professional support creating an overview of the financial situation – the “cost to complete” in one of Denmark’s largest and most complicated projects. I have been impressed with KPMG’s ability to enter the project and deliver true value and clarity after a few days only.”

**Jan Erik Schneider-Tilli**  
CEO, Signalling programme  
Banedanmark

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## Data & Analytics is in our DNA

At KPMG, we seek facts and provide insights, making Data & Analytics (D&A) a true part of our DNA.

Given the power that it holds, trust in D&A should be a non-negotiable business priority. Yet according to our 2016 survey "Building trust in analytics", this may not be the case. In fact, 60 percent of organisations attest they are not very confident in their D&A insights, and only 10 percent believe they excel in managing the quality of D&A.

Our own investments in trusted advanced analytics are facilitating better and faster decisions as well as improved professional advice across business areas: This allows our clients to better serve their customers, drive operational efficiencies and manage risks.



## Innovating with disruptive technologies

The complexity of the issues CEOs face today, and the speed with which the market requires them to respond, is putting a significant amount of pressure on the leadership. Twenty percent of CEOs indicated that cognitive agenda is one of the top three areas they are devoting significant investment/resources to in the next three years. Nearly nine in ten are concerned with having to consider the integration of basic automated business processes with artificial intelligence and cognitive processes.

At KPMG in Denmark, the NewTech advisory team implements and transform services, processes and products with the help of leading-edge technology and digital advisory. The team analyses the projects in real time with the client and has in-depth experience implementing disruptive technologies like robotics and artificial intelligence for companies across industries, including leading Nordic banks and insurance companies.

The NewTech advisory team is founded on knowledge and market leading experience with emerging technologies such as Robotic Process Automation (RPA), Virtual Assistants (VA), physical robots, Internet of Things (IoT), Virtual Reality (VR), Augmented Reality (AR) and Artificial Intelligence (AI) combined with new business models and next-generation operating models (e.g. digital, robotics).

Furthermore, NewTech Advisory works with digital design and experience creation. Our experts are able to move quickly from idea inception to a working product or experience by leveraging customer journeys and rapid prototyping.

The NewTech advisors deliver services through an actively curated network of suppliers, development partners, universities and thought leaders. This network secures the team's constant accessibility to the latest tools and methodologies – implementing the future today.

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“Our purpose is to help Danish and Nordic companies ignite the huge digital business potential that lies in integrating innovative technologies – a challenge that many companies are struggling to find the right formula for.”

**Bent Dalager**  
Head of NewTech Advisory

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“I would recommend KPMG because throughout the entire process, we have challenged each other, and together we have found innovative solutions which our company is now getting the benefits of. I was impressed by KPMG’s performance and attention during the actual transition to our new ERP system.”

**Markus Jonsson, Supply**  
Chain Director, Ortofon.

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## Getting the full benefits with Global Business Services

An ever demanding focus on becoming more competitive on a global market, has made Global Business Services (GBS) a more relevant issue than ever before.

GBS is all about designing the most optimal delivery model for an organisation's services, by combining elements like outsourcing to third parties, internal shared services and digital labour automation into a globally aligned and governed setup. While many organisations originally looked to GBS as a method to drive process efficiencies and reduce costs, a mature GBS organisation can deliver far deeper benefits with

effects felt across the business, by focusing on outcomes and applying data & analytics to gain insights into the operated processes. GBS is also gradually shifting from functionally driven efforts, to true end-to-end delivery, which makes the topic of high relevance to the C-suite.

Our experienced team at KPMG Denmark can deliver services to companies on a global scale – leveraging our centres of excellence, global benchmarks and a proven methodology. With more than 1,000 sourcing advisors, relations to all tier 1 and 2 service providers and experience from more than 2,500 sourcing engagements, we are solution agnostic, and can help clients to develop a model which best suits their specific needs.

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“A mature GBS organisation can deliver far deeper benefits than just cost reductions and process efficiencies with effects felt across the business, by focusing on outcomes and applying data & analytics to gain insights into the operated processes”

**Bo Johansen**  
Head of CFO Advisory

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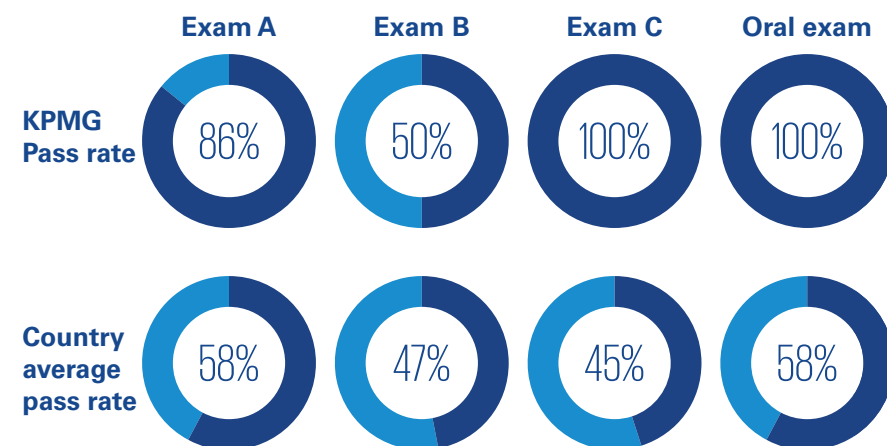


# People and talent: Achieving peak performance

At KPMG in Denmark, we recognise that our people are extraordinary. The People team seeks to nurture this talent through the provision of a first-class development programme developing individuals' commercial, leadership and technical skills.

We continuously encourage our people to push the boundaries on their performance, mindset and networking techniques used to connect with their clients. We are proud of our high performance culture and appreciate that in order for people to thrive, we must foster a learning environment that values and develops creativity, innovative thinking, a desire to go the extra mile and fulfilling their purpose.

## Pass rate, Chartered Public Accountant exam



28

**Number of graduates joining the Graduate Journey in 2016**



33

**Total firm's average age**



10

Colleagues from other KPMG offices working in Denmark



3

Colleagues from Denmark working abroad

**Global reach**

## Graduate programme: The KPMG Graduate Journey

The 2-year graduate programme keeps growing in popularity to attract the brightest young talents in Denmark and abroad. 2017 will mark the graduation of the 2015 promotion of consultants, having experienced a variety of client interactions, grown personally and socially and having a clear sense of what their future career with KPMG will look like.

The foundations of our graduate programme are rooted, inspiring confidence and empowering the individual to be exceptional. The KPMG Nordic Business School continues to be the initial starting point for the Graduates, which introduces them to an international network of peers.







## A high performance culture rests on the desire to constantly ignite potential

Working in an environment that values self-development, learning and challenges is a necessity to attract and retain the best talents. At KPMG in Denmark, we put much emphasis on creating a meaningful development culture, where employees' contributions are valued and where their work is both challenging and rewarding.

In 2016, we committed to investing in a number of core areas to sustain this high-performance culture:

### Leadership development

The Leadership Development programme supports leaders on their mission to grow the firm. The aim of course is to further advance our leaders' skills in order to guarantee their market reputation, enhance their innovative and creative thinking, inspire clients and engage our people.

### Director Academy

The purpose of the Director Academy course is to give directors a platform to network and develop strong commercial skills. The four yearly sessions provide participants with a number of practical tools and techniques, food for thought insights and an opportunity to further ignite their potential.

### Coaching and mentoring

The Executive Business Coaching is a key offering that was developed in 2016. During the course, senior leaders/employees work with an in-house executive coach to improve their performance by stepping out of their comfort zones, taking on new challenges and responsibilities and stretching their abilities. The coaching offering was also extended to support mothers to be. Maternity coaching provides support pre, during and post maternity leave and is designed to help women navigate an important life transition, providing the space and support to work through practical and emotional changes. The feedback received so far has been overwhelmingly positive with comments such as "[coaching] improved my confidence, and I was able to make sense of things that were worrying me. It gave me space to reflect."

### Trusted talents

A group of seven individuals were appointed to be Trusted Talents: They mentor and provide one-to-one support to junior staff, as they check-in with Graduates on their progress through their 2-year journey. The trusted talents are heavily involved in promoting KPMG to prospect young professionals on social media and at universities, where they share their career and everyday-life experience at KPMG to attract new talents to the firm.



## Inclusion and diversity is a prerequisite to success

For our people to be successful and escalate on their personal growth, KPMG in Denmark prioritises the creation of an inclusive culture – one which values diversity and fosters an environment where everyone feels that they can bring their authentic self to work.

Earlier this year, KPMG in Denmark launched a network called Shaping our Futures. The purpose of this initiative is to work in a one-firm way to develop a future where our people genuinely believe their contributions are valued, and where they picture themselves having a meaningful long-term career with the firm. Our vision is to be the clear choice for people and to become a firm that attracts exceptional talent and provides support to cultivate one's potential.

Like the rest of our industry, we face a challenge when it comes to women in leadership positions. Women represent 40% of all our employees, even though the percentage is significantly lower in senior positions. With the establishment of the Shaping our futures network, our goal is to work cross-functionally to increase the number of women at all levels. We therefore aim to have a balanced workforce within three years. Our Board of Directors counts two women out of five partners, which translates to having 40% women on the Board - the highest number amongst the Big 4 firms in Denmark. We are proud of this fact, and we aim to maintain this balance in the future.







# We want to empower our communities

Empowering communities through Corporate Citizenship practices is deeply rooted in the KPMG network of member firms. Our global values are aligned with the United Nations Global Compact's 10 principles and act as an ethical compass to the way we conduct business.

Therefore, it is only natural at KPMG in Denmark to follow the lead of our global family. In the beginning of 2016, we took the first steps in creating our CSR strategy, which focuses on both environmental and empowerment solutions. We are deeply committed to making a positive impact in society and environment through the work we do. We continuously strive to stay focused on what really matters, acting as stewards for the next generation, inspiring confidence and empowering change in society. The following initiatives were successfully executed during 2016, and we will persist in acting in the same proactive manner to support communities in overcoming challenges.

- **Refugee internship:** Two refugee interns are working at our Copenhagen office in KPMG.
- **CV cafés for refugees:** We supported in facilitating the New@dk initiative together with Microsoft and Firebrand, and we also participated in the Velkomstfesten event in Forum, Copenhagen, in September 2016. At both initiatives, KPMG volunteers assisted refugees with writing their CVs and LinkedIn profile, as well as providing guidance in relation to applying for jobs in Denmark.
- **Clothes donation to the Red Cross:** as part of the yearly Red Cross "Smid tøjet"-campaign.
- **Partnering with Mind Your Own Business (MYOB):** This association offers teenagers of ethnic minorities from exposed areas a chance to build their own business with support from mentors and venture pilots. KPMG volunteers have held full-day events where participants learned how to manage their organisation, how to communicate externally and how to build a network.
- **Sponsoring Plastic Change:** Via our sponsorship to 'Den Blå Planet'. Plastic Change is an environmental organisation focused on reducing the amount of plastic in the oceans.
- **Partnering with 'Women Deliver':** together with KPMG Global, we leverage our D&A skills to help drive and track the progress on gender-based sustainable development goals.
- **Contribution to 'EventyrJul':** arranging Christmas Eve celebration for 300 families in need in Copenhagen.
- Our employees can **donate blood** during working hours four times a year.
- **COP22:** Supporting KPMG Global and the jointly powered social media aggregator [ClimateTalksLive](#) with the United Nations Framework Convention on Climate Change (UNFCCC) during COP22 by promoting the campaign through our social media channels.



# The KPMG values

Our values create a sense of shared identity. They define what we stand for and how we do things. Our values help us to work together in the most effective and fulfilling way and bring us closer as an organisation.



We lead by example



We work together



We respect the individual



We seek the facts and provide insight



We are open and honest in our communication



We improve communities



Above all, we act with integrity





# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of KPMG P/S for the financial year 1 October 2015 – 30 September 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 16 February 2017

## Executive Board:

**Thomas Hofman-Bang**  
CEO and Senior Partner

## Board of Directors:

**Anette Hartz**  
Chairman and Partner

**Anja Bjørnholt Lüthcke**  
Partner

**Benny Lyng Sørensens**  
Partner

**Bo Johansen**  
Partner

**Danny Golan**  
Partner



# Independent auditor's report

## To the shareholders of KPMG P/S

### Independent auditor's report on the financial statements

We have audited the financial statements of KPMG P/S for the financial year 1 October 2015 – 30 September 2016. The financial statements comprise income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation.

This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

## Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 16 February 2017

### Redmark

Statsautoriseret  
Revisionspartnerselskab

CVR no. 29 44 27 89



**Anders Schelde-Møllerup Funder**  
State Authorised  
Public Accountant



# Financial statements

## 1 October 2015 - 30 September 2016

### Accounting policies

The annual report of KPMG P/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue from the sale of services is recognised in the income statement as provided. Consequently, revenue corresponds to the selling price excl. VAT of the work performed under the percentage-of-completion method and includes out-of-pockets on clients. Measurement at selling price presupposes that total income and costs as well as the stage of completion at the balance sheet date can be determined reliably, and that it is probable that payment will be received.

#### Other operating income

Other operating income includes grants provided by KPMG International.

#### Other external expenses

Other external costs comprise costs related to sales, marketing, administration, office premises, training, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees and partners, excluding reimbursements from public authorities.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies.

### Tax on profit/loss for the year

As a limited liability partnership, the Company is transparent for tax purposes. Income taxes are liable to the partners of the Company. Consequently, no tax on the profit for the year has been provided for in the financial statements.

### Balance sheet

#### Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is usually three years.

Gains and losses on the disposal of software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Equipment and leasehold improvements

Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The depreciable amount, which is calculated as cost less any estimated residual values at the end of the useful life, is depreciated on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Equipment and leasehold improvement	3-10 years
-------------------------------------	------------

Gains and losses on the disposal of equipment and leasehold improvements are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.



## Accounting policies

The carrying amount of equipment and leasehold improvements is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or group of assets after the end of the useful life.

## Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication that a receivable has been impaired. Write-down is made on an individual basis.

## Services in progress

Services in progress are measured in accordance with the percentage of completion method at the selling price of the work performed at the balance sheet date plus out-of-pocket expenses less progress billings. The individual services in progress are recognised in the balance sheet as receivables or liabilities depending on whether the net value, determined as the selling price less progress billings, is positive or negative.

## Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

## Equity

### Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### Corporation tax and deferred tax

The Company is transparent for tax purposes. Consequently, neither current tax nor deferred tax is included in the balance sheet.

### Financial and other liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

## Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and changes in working capital.

## Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, equipment and leasehold improvements and investments.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

## Cash and cash equivalents

Cash and cash equivalents comprise bank deposits.

## Accounting policies

### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

<b>Operating margin</b>	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
<b>Current ratio</b>	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
<b>Return on equity</b>	$\frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Average equity}}$



## Income statement for the period from 1 October – 30 September

DKK'000	Note	2015/16	2015 9 months
<b>Revenue</b>	1	<b>368,832</b>	<b>205,451</b>
Other operating income		111,643	128,676
Other external expenses		-151,458	-98,014
Staff costs	2	-304,557	-231,656
Depreciation, amortisation and impairment losses on software, equipment and leasehold improvements	6	-25,219	-2,068
<b>Operating profit/loss</b>		<b>-759</b>	<b>2,480</b>
Financial income	4	956	0
Financial expenses	5	-197	-2480
<b>Profit for the year</b>		<b>0</b>	<b>0</b>

## Proposed profit appropriation

DKK'000	Note	2015/16	2015 9 months
Retained earnings		0	0

## Balance sheet for the year ended 30 September

DKK'000	Note	2015/16	2015 9 months
<b>Assets</b>			
<b>Non-current assets</b>			
Software	6	692	0
Equipment and leasehold improvements	6	7,019	18,054
Deposits	7	12,416	13,302
<b>Total non-current assets</b>		<b>20,127</b>	<b>31,356</b>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		82,488	90,171
Receivables from related companies		112	0
Services in progress	8	15,260	25,670
Other receivables		111,727	123,159
Prepayments		2,502	2,797
		<b>212,089</b>	<b>241,797</b>
<b>Cash at bank</b>		<b>25,487</b>	<b>2,414</b>
<b>Total current assets</b>		<b>237,576</b>	<b>244,211</b>
<b>Total assets</b>		<b>257,703</b>	<b>275,567</b>



## Balance sheet for the year ended 30 September 2016

DKK'000	Note	2015/16	2015 9 months
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	560	560
Retained earnings		0	0
<b>Total equity</b>		<b>560</b>	<b>560</b>
<b>Current liabilities</b>			
Services in progress	8	22,536	25,557
Trade payables		15,953	21,281
Other payables		203,900	228,169
Debt to partners		14,754	0
<b>Total current liabilities</b>		<b>257,143</b>	<b>275,007</b>
<b>Total equity and liabilities</b>		<b>257,703</b>	<b>275,567</b>
Contractual obligations, contingencies, etc.	10		
Related party disclosures	11		

## Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	500	0	500
Cash capital increase at par	60	0	60
Transferred; see profit appropriation	0	0	0
<b>Equity at 30 September 2015</b>	<b>560</b>	<b>0</b>	<b>560</b>
Equity of 1 October 2015	560	0	560
Transferred; see profit appropriation	0	0	0
<b>Equity at 30 September 2016</b>	<b>560</b>	<b>0</b>	<b>560</b>

## Cash flow statement

DKK'000	Note	2015/16	2015 9 months
Profit for the year		0	0
Depreciation, amortisation and impairment losses		25,219	2,068
Changes in working capital	12	17,458	-23,701
<b>Cash flows from operating activities</b>		<b>42,677</b>	<b>-21,633</b>
Acquisition of software		-912	0
Acquisition of equipment and leasehold improvements		-13,964	-15,649
Deposits (net change)		886	-5,347
<b>Cash flows from investing activities</b>		<b>-13,990</b>	<b>-20,996</b>
External financing:			
Net change in financing		-20,368	19,068
Shareholders:			
Share capital cash increase		0	60
Partner financing		14,754	0
<b>Cash flows from financing activities</b>		<b>-5,614</b>	<b>19,128</b>
<b>Cash flows for the year</b>		<b>23,073</b>	<b>-23,501</b>
Cash and cash equivalents at the beginning of the year		2,414	25,915
<b>Cash and cash equivalents at year end</b>		<b>25,487</b>	<b>2,414</b>



## Notes

### 1. Segment information

DKK'000	2015/16	2015 9 months
Revenue arises from audit and advisory services, mainly delivered in Denmark.		
Audit	154,998	125,111
Advisory	213,834	80,340
	<b>368,832</b>	<b>205,451</b>

### 2. Staff costs

DKK'000	2015/16	2015 9 months
Wages, salaries and partner remuneration	286,252	220,332
Pensions	15,946	10,004
Other social security costs	2,359	1,230
	<b>304,557</b>	<b>231,566</b>
<b>Average number of employees, including partners</b>	<b>328</b>	<b>278</b>

The members of the Board of Directors do not receive remuneration for provision of board-related services. Pursuant to the exemption clause for reporting class C entities under section 98b(3) of the Danish Financial Statements Act, the Company has chosen to omit disclosure of executive remuneration as it would lead to disclosing remuneration to a single member of Management.

### 3. Fees to auditor appointed at the general meeting

DKK'000	2015/16	2015 9 months
Total fees to Redmark	620	340
Statutory audit	135	130
Other assurance services	0	0
Tax / VAT advisory services	453	190
Other services	32	20
	<b>620</b>	<b>340</b>

## Notes

### 4. Financial income

DKK'000	2015/16	2015 9 months
Net foreign exchange gains	956	0
	<b>956</b>	<b>0</b>

### 5. Financial expenses

DKK'000	2015/16	2015 9 months
Interest expense to banks, etc.	197	422
Net foreign exchange losses	0	2,058
	<b>197</b>	<b>2,480</b>

### 6. Equipment and leasehold improvements

DKK'000	Software	Equipment and leasehold improvements
Cost at 1 October 2015	0	20,719
Additions	912	13,964
<b>Cost at 30 September 2016</b>	<b>912</b>	<b>34,683</b>
Depreciation and impairment losses at 1 October 2015	0	-2,665
Impairment losses	0	-17,558
Depreciation	-220	-7,441
Depreciation and impairment losses at 30 September 2016	-220	-27,664
<b>Carrying amount at 30 September 2016</b>	<b>692</b>	<b>7,019</b>



## Notes

### 7. Deposits

DKK'000	Deposits
Cost at 1 October 2015	13,302
Additions	420
Repayments	-1,306
Cost at 30 September 2016	12,416
<b>Carrying amount at 30 September 2016</b>	<b>12,416</b>

### 8. Services in progress

DKK'000	2015/16	2015 9 months
Selling price of work performed	224,857	136,801
Progress billings	-232,133	-136,688
	<b>-7,276</b>	<b>113</b>
Recognised as follows:		
Contract work in progress (assets)	15,260	25,670
Contract work in progress (liabilities)	-22,536	-25,557
	<b>-7,276</b>	<b>113</b>

### 9. Share capital

Changes in the share capital since the Company's establishment are specified as follows:

DKK'000	2015/16	2015 9 months	2013/14 13 months
Balance at 1 October 2015	560	500	500
Cash capital increase at par	0	60	0
	<b>560</b>	<b>560</b>	<b>500</b>
The share capital is specified as follows:			
A shares, 3,165.24 of nom. DKK 100 each	317	317	500
B shares, 2,434.80 of nom. DKK 100 each	243	243	0
	<b>560</b>	<b>560</b>	<b>500</b>

All shares rank equally; however, A shares that are owned by state authorised public accountants only have a deemed majority.

## Notes

### 10. Contractual obligations, contingencies, etc.

#### Operating lease obligations

Remaining operating lease obligations at the balance sheet date amount to DKK 65,469 thousand within five years (2015: DKK 80,841 thousand). In 2016/17, operating lease obligations falling due amount to DKK 17,620 thousand (2015: DKK 16,087 thousand).

Contracted sub-lease income amounts to DKK 3,175 thousand, which falls due within two years (2015: DKK 4,762).

A company charge of DKK 20 million has been granted to the Company's bank. At the end of the year, the bank facility is unused.

#### 11. Related party disclosures

KPMG P/S' related parties comprise the following:

#### Parties exercising control

KPMG P/S is owned by the partners. No parties exercises control.

#### Other related parties

- Leadership team and Board of Directors
- KPMG Komplementarselskab ApS
- KPMG member firms, including KPMG Acor Tax Partnerselskab

### 12. Changes in working capital

DKK'000	2015/16	2015 9 months
Change in receivables	50,077	-83,721
Change in trade and other payables	-32,619	60,020
	<b>17,458</b>	<b>-23,701</b>





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