



# KPMG ANNUAL REPORT

**1 JANUARY –  
30 SEPTEMBER 2015**

# IGNITING POTENTIAL

# 2015

1 January 2015 – 30 September 2015, CVR no. 25 57 81 98

KPMG P/S  
Dampfærgevej 28  
2100 Copenhagen

The Annual Report was presented and adopted at the  
Company's annual general meeting on 25 February 2016.


INSPIRE  
CONFIDENCE

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**EMPOWER  
CHANGE**

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# STATEMENT

BY THE BOARD OF  
DIRECTORS &  
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 January 2015 – 30 September 2015.

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 2015 and of the results of the Company's operations and cash flows for the financial year 1 January 2015 – 30 September 2015.

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, 25 February 2016

**Executive Board:**



Thomas Hofman-Bang  
CEO & Senior Partner

**Board of Directors:**



Anette Harritz  
Chairman



Anja Bjørnholt Lütchke  
Partner



Benny Lynge Sørensen  
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 January 2015 – 30 September 2015. The financial statements comprise of accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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 2015 and of the results of the Company's operations and cash flows for the financial year 1 January 2015 – 30 September 2015 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, 25 February 2016  
Redmark  
Statsautoriseret Revisionspartnerselskab  
CVR no. 29442789



Anders Schelde-Møllerup Funder  
State Authorised Public Accountant

# Management's review

## Company details

KPMG P/S  
Dampfærgevej 28  
2100 Copenhagen

Telephone: +45 70 70 77 60  
Website: [www.kpmg.dk](http://www.kpmg.dk)  
E-mail: [kpmgdanmark@kpmg.com](mailto: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 Lynge Sørensen  
Bo Johansen  
Danny Golan

## Executive Board

Thomas Hofman-Bang

## Auditor

Redmark  
Statsautoriseret Revisionspartnerselskab  
Dirch Passers Allé 76  
2000 Frederiksberg

## Financial highlights

DKK'000	2015 9 months	2013/14 13 months
<b>Key figures</b>		
Revenue	205,451	63,200
Loss from financial income and expense	(2,480)	(7,912)
<b>Profit for the year</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>275,567</b>	<b>215,487</b>
Investments in fixtures and equipment	15,649	5,070
<b>Equity</b>	<b>560</b>	<b>500</b>
Cash flows from operating activities	(21,633)	22,291
Cash flows from investing activities	(20,996)	(13,025)
Cash flows from financing activities	19,128	16,649
<b>Total cash flows</b>	<b>(23,501)</b>	<b>25,915</b>
Operating margin	1.2%	12.5%
Current ratio	88.6%	94.5%
Return on equity	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.



*"KPMG is on a journey characterised by our passion to deliver on our clients' needs, challenge the status quo and accelerate our growth potential.*

*We share an ambition to become a catalyst for change to our surroundings and to our people. I believe this is the foundation for our future success."*

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



# Management's review (cont.)

## Operating review: Igniting potential

KPMG in Denmark has articulated clear and ambitious goals from day one – aligned fully with the business plan that we follow. The goals included attraction of more than 500 employees and partners by 2018 and further acceleration of our organisation that is already a fully functional professional services firm, with a revenue of more than DKK 205 million in this financial year. We are reshaping what it means to be an innovative firm in our sector, one that goes to market as one firm across audit, tax and advisory so that we can ignite our clients' business potential.

We have demonstrated this through the way we deliver quality audit and assurance services and provide intelligent solutions to our clients in Denmark and beyond. Our organic growth and one-firm culture make us work seamlessly across functions, teams and borders to exceed clients' expectations.

KPMG is associated with professionalism, quality and integrity across the world. We share the same values as our global colleagues from whom we receive unlimited knowledge and insight. In a Danish context, the fact that we were born out of KPMG International gives us an international edge that we proudly live and breathe on a daily basis.

Another differentiating factor is our agile, client-centric approach, which makes us capable of tailoring solutions and adapting our services to the needs of our clients. As pioneers, we are setting new standards and bring excitement, energy and enthusiasm to the work we do with clients. Our clients appreciate the quick decision-making and execution power that we offer at KPMG.

Our lean and efficient set-up reflects how we do not aim to have multiple offices across Denmark. Instead, we have established ourselves in two KPMG competency centres in the area of Copenhagen and Aarhus, whilst continuing to strengthen our regional team facilities in Kolding and Aalborg. In July, we were excited to open the doors to our new premises – KPMG Front – right by the waterfront in the Nordhavn area of Copenhagen. This new, bright, spacious and transparent office space fosters collaboration and reflects our culture. KPMG Front is also the perfect venue for meeting clients and hosting events.

Our desire to meet the needs of our clients and ignite potential in our people and communities takes us further. We pursue a well-defined strategy as we move towards 2018 – a strategy that will carve the path towards differentiating ourselves in the Danish market and abroad.

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*"Quality and risk management is the responsibility of everyone. As Chairman of KPMG, I take pride in the way we are all committed to an uncompromised focus on delivering the highest quality for the benefit of our clients, communities and our regulators."*

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### **Anette Harritz**

*Chairman, Quality & Risk Management  
Partner*





*"We wanted to create a dynamic working environment, where our clients and people can thrive. KPMG Front reflects latest best practice in workplace design, overlaid with Scandinavian style."*

**Anna Purchas**  
COO & Partner

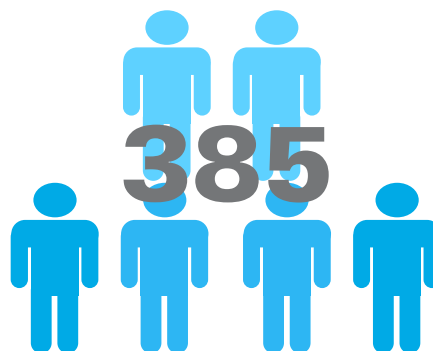


# Management's review (cont.)

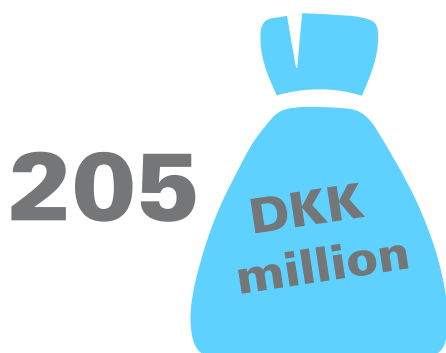
## Principal activities and financial position

### Principal activities of the Company

Our principal activities are the provision of professional services to Danish and foreign businesses within the technical expertise areas of audit 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.



No. of employees & partners



Total revenue

### Financial highlights

Our results for the financial year reflect our economic condition: our start-up position and the financial support provided by KPMG International. We have incurred significant initial costs in this period in relation, for example, to recruitment, governance and legal matters, IT and systems set-up. We have invested quickly to ensure that we are able to deliver high-quality services to our clients. This year's revenue is above our expectations, and our net result is as expected given the support we receive from KPMG International.

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*"The innovative solutions provided to our clients are based on the core competencies of our professionals and insights into the Danish market, combined with knowledge and skills leveraged across the global KPMG network. We continue to develop practical recommendations designed to help our clients work smarter, grow faster and become more competitive."*

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**Morten Mønster**

Partner & Head of Advisory

# Management's review (cont.)

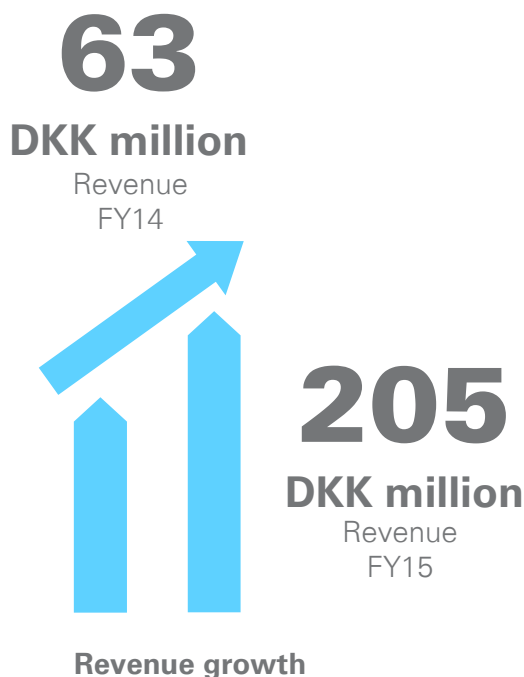
## Our strategic outlook: Accelerating towards 2018

The growth rates in the European market intensify the demand for efficiency, transformation and digitalisation and thus result in significant responsibilities for CFOs, CEOs, CIOs and those in equivalent Executive roles. We have adapted to the growing needs of the CxOs as they play a key role in businesses' performance at both large and mid-size companies.

Business leaders and decision-makers of Danish and international companies are under pressure from the fierce local and global competition and rapid evolution within disruptive technologies. Companies that have been profitable for decades are fighting to remain relevant in ever-changing surroundings. Through our insights, research and experience conducted into local and global studies, we stay tuned to trends and tendencies. From KPMG's recently launched study – the [Global CEO Outlook 2015](#) – we found that businesses need to re-evaluate every aspect of their operations to ensure that they can remain competitive. The relevance of our market propositions to address this need ensures that we are a key player in the professional services sector.

In our re-establishment, we have had the opportunity to challenge the design of a modern professional services firm, align it to our clients' needs and take a new position in the market. It is a unique opportunity. We have launched a new strategy that reflects the results achieved and the opportunities and threats we face in the market. 'Accelerating towards 2018' focuses on establishing KPMG as a professional services firm within the 'Big 4' space based on relevance, deep competence and profitability.

Our strategy is well-defined, and we are already on track to execute it through a three-year growth plan and a pipeline of projects, where we see growth month on month. Our business investment continues in terms of build of staff and additional areas of specialism. This investment continues with the support of KPMG International, and we expect our revenue to grow significantly in the coming year.





# Management's review (cont.)

## Focus on the game changer in the sector

In December 2015, the Danish regulators published a draft bill for comment; the final bill is expected to be approved with a view to the law being enacted no later than 17 June 2016 as required by the EU.

At KPMG in Denmark, we believe that the new legislation will enhance audit quality and independence and strengthen corporate governance. The rules are expected to increase the focus on auditors' independence, the services the auditors perform and the risk of familiarity between management and the auditor. We expect that this development will create a more dynamic market, which is a large and welcome opportunity for our clients and targets and thus be a game changer for the sector. Therefore, it is part of our strategic focus to ensure that we are abreast of the changing rules and how these will affect our current and potential clients as well as the audit, tax and other advisory services we offer.

*"The EU audit legislation will bring changes for businesses that are public interest entities – regardless of where in the world they may be headquartered. With the new rules, it is important to gain an understanding of how these possible changes might influence your entity. That is why we see this legislation as a 'game changer.'"*

**Henrik O. Larsen**  
Partner & Head of Audit



# Don't plan for the future *Own it*

kpmg.dk

*"Our branding highlights how we set new standards for professionalism, integrity and transparency and it reflects how we meet our clients with energy and enthusiasm – we are proud to deliver on this promise."*

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






# Management's review (cont.)

## Positioning our brand in the market

Relevance defines our market propositions across service offerings. We pursue a 'client for life' approach and see ourselves having ongoing relationships with a number of the C20 companies, each generating sizable engagements on a regular basis. Furthermore, we have selected the following global strategic growth initiatives: Transformation (including digitalisation), Regulatory Change, Cyber Security as well as Data and Analytics. These themes, we believe, will simply have the biggest impact on our clients and prospects in the coming three years.

In order to position ourselves in the market, we have set some ambitious targets for our image and launched a selected significant campaign in the Danish media. The backbone of this is a new strategic positioning which will sharpen KPMG's corporate brand and employer brand. Reviewing the brand was exactly the right priority, following an intense and exciting year of rebuilding KPMG. The direct and challenging expression in word and visuals alike emphasises our ambition of setting new standards with messaging such as 'Don't just win the game – Change it.'

A person is shown climbing a dark, craggy rock face. The person is wearing a light-colored t-shirt, dark pants, and a backpack. They are using ropes and carabiners to ascend. The background is a bright blue sky. The overall image has a blue tint and geometric shapes overlaid.

# IMPACT AND RELATIONSHIPS

## HOW OUR CLIENTS SEE A DIFFERENCE IN US

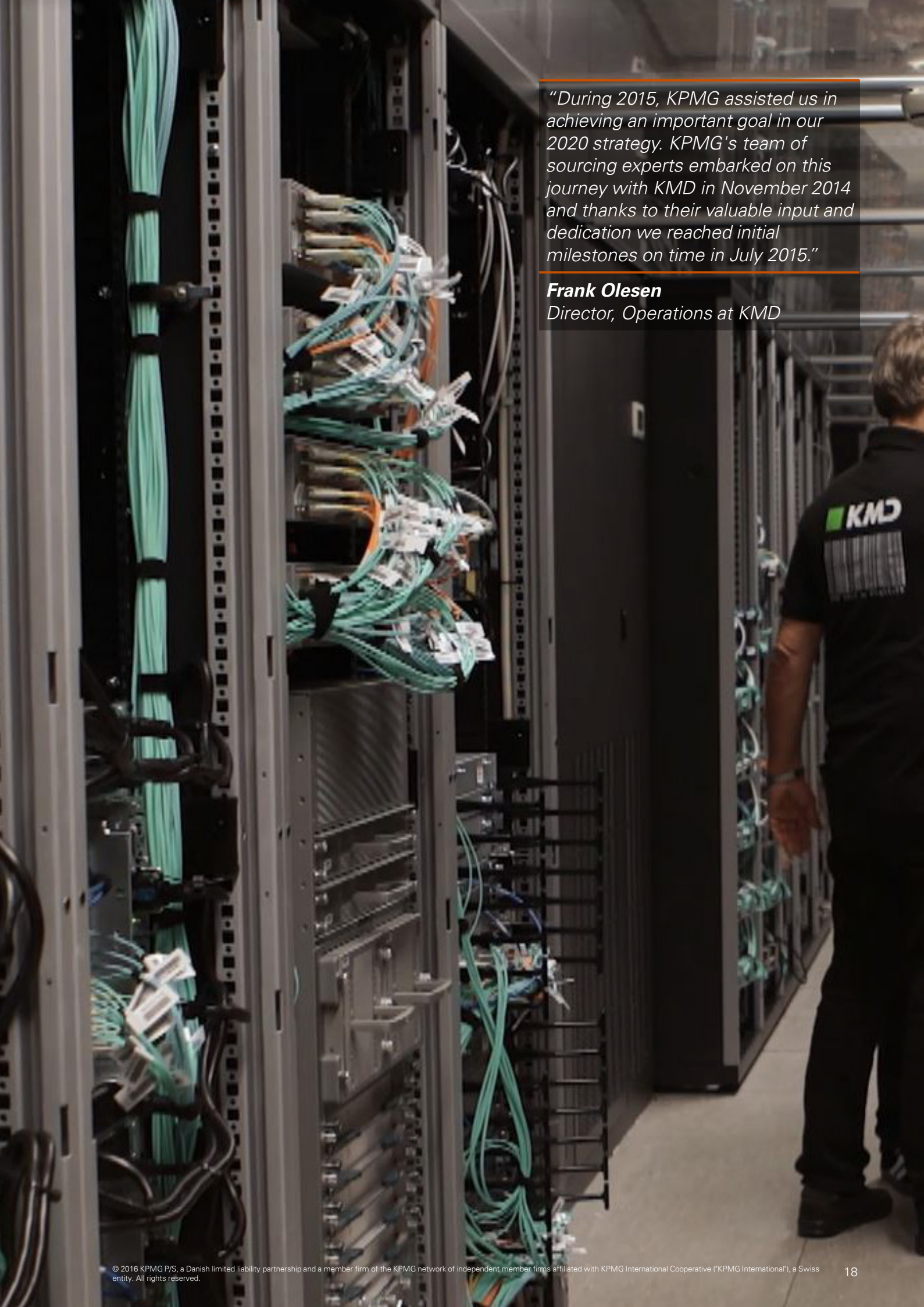
Thanks to our teams of specialised sector and technical experts, we enlighten clients' decision-making and provide new perspectives on hot topic issues faced by Danish and international business communities. Our experts are passionate about turning their local understanding, sector knowledge and global insights into impactful results. The following case studies illustrate our relevance and most importantly our clients' feedback.



*"For our clients, cross-functional collaboration is key. When our clients deal with M&A transactions, they meet a competent and efficient team that works across Advisory, Audit and Tax to provide a tailor-made solution to their unique situation. In situations like these, the right advice is most often based on a combination of expertise."*

**Ria Falk**

Partner, KPMG Acor Tax



*"During 2015, KPMG assisted us in achieving an important goal in our 2020 strategy. KPMG's team of sourcing experts embarked on this journey with KMD in November 2014 and thanks to their valuable input and dedication we reached initial milestones on time in July 2015."*

**Frank Olesen**

Director, Operations at KMD





# Impact and relationships

## KMD A/S

For 40 years, KMD A/S has played a key role in digitising the Danish welfare state. KMD sees it as its responsibility to contribute initiatives and solutions that support and develop Denmark's welfare system. The public sector faces significant challenges: a smaller number of employees have to help a larger number of people, and the money has to reach even further.

In 2014, KMD launched its 2020 strategy. As part of the strategy, KMD is re-assessing its core competencies and reviewing the transformation of non-core items to parties in the market. KMD selected KPMG as the trusted advisor to support them in their selection of an external IT supplier.

KPMG supported KMD during the entire selection process – from defining the sourcing strategy to preparing KMD for the transition after signing the contract. KMD was looking for a dedicated partner who would be more than just a supplier of IT Infrastructure services. This principle was a key part of KPMG's delivery throughout the selection process.

The approach KPMG used during the selection of the IT supplier placed extensive emphasis on the interaction and collaboration between KMD and the suppliers who were invited to take part in the selection. This gave both parties the opportunity to test their ability to work together in a potential partnership. The approach did not only result in a robust and fair contract for both parties, but additionally provided KMD with renewed insights that also enabled them to improve their internal processes.

By drawing on their in-depth sourcing and market knowledge, KPMG's team was the coordinator between KMD, external legal advisors and the suppliers in order to ensure consistency and validity of all aspects of the proposed supplier offerings.









# Impact and relationships

## Aalborg Portland Holding Group

The Aalborg Portland Holding Group is a leading producer of cement and a leading supplier of ready-mixed concrete in the Nordic region as well as a world-leading supplier of white cement with production facilities in Denmark, USA, China, Egypt and Malaysia. Furthermore, it has major operations in Turkey in the production of grey cement and ready-mixed concrete.

Aalborg Portland has been implementing SAP and has established a shared service centre in Denmark with the aim of supporting efficient business procedures and delivering high-quality financial reporting.

KPMG is equally ambitious for its audit services, and our Data & Analytics skills and tools for enterprises running SAP or other ERP systems were implemented as a part of our audit approach. This was done with the aim of transforming the audit from a sample-based review to testing whole data populations and understanding the business reasons behind outliers and anomalies. Through this, we have extracted data from SAP for all business units and in the interim phase tested automated key controls for matching and approval of sales and purchase invoices, cut-off, changes to vendor master data and segregation of duties through 'can do' and 'did do' analyses.

In addition to unlocking the data and helping the company to enhance a strong audit quality, the analyses provide the Management and finance function of Aalborg Portland with useful insights into the business procedures and controls. At year end, the traditional audit procedures will also be carried out through the Data & Analytics procedures – for instance, reconciliation and recalculation of fixed asset register, inventory analysis including cost prices and turnover ratios, cut-off for sale transactions and receipt of payments from customers.

Thereby, a large part of audit documentation will be prepared through the Data & Analytics process, and this will reduce the workload for Aalborg Portland's finance team. Furthermore, using Data & Analytics also includes the opportunity to perform ad hoc analyses and thorough business intelligence tools – for instance relating to working capital.



*"KPMG has proven to be an extremely competent partner concerning e.g. technical issues, operational and process optimisation as well as a provider of specialist knowledge when needed. We greatly appreciate the collaboration with the KPMG team."*

**Jakob Hansen,**  
CFO, PARKEN Sport & Entertainment A/S







# Impact and relationships

## PARKEN Sports & Entertainment


PARKEN Sport & Entertainment is a listed entity founded in connection with the football club F.C. København – a club with podium finishes in the last 15 years, including nine gold medals and multiple participations in the UEFA Champions League and the UEFA Europa League. The group also comprises the businesses of fitness.dk, Lalandia holiday centres and investment properties.

The diversity of the group requires an equally diverse audit approach as the businesses vary significantly in operating models, processes, systems, cash flows and risks. Each year, the Audit Committee and KPMG agree on a risk-based audit strategy and plan. This forum constitutes a valuable cooperation body that covers the assessment of specific accounting risks and guidance on disclosure in the financial statements.

The entity's Management sets a high level of quality when preparing the financial statements, and KPMG plays an active role in providing insights on transparency and financial reporting requirements. In 2015, PARKEN Sport & Entertainment won FSR – danske revisorer and Dansk Industri's special accounting prize based on information level and presentation of impairment tests in the 2014 financial statements.

A key priority for KPMG, aligned with PARKEN Sport & Entertainment's expectations, is the delivery of added value through audit work and other services.





*"KPMG's leadership of the implementation project for Qinterra delivered a new integrated, consolidated and aligned financial platform, fully operational within the deadline of the carve-out for all locations, and within budget. This has been key to the transformation of our business."*

**Jørgen Rasmussen**  
CEO, Qinterra AS





# Impact and relationships

## Qinterra AS

Since Qinterra AS was sold to a private equity group and separated from Aker Solution, KPMG was brought in to deliver profound insight from a Nordic perspective on the transformation following their carve-out transition.

As a result of the carve-out, the organisation had to be operational on its own and the existing finance platform replaced. Furthermore, the inherited ERP landscape across the entities in the company was very fragmented, resulting in many manual and redundant processes and a weak process for data capturing. This, combined with the IT set-up, resulted in a lack of transparency in the financial performance and inadequate insight in profitability at product line, services or customer level.

Qinterra needed assistance in establishing a consolidated and aligned financial platform to support the business in Aberdeen, Houston, Calgary and Stavanger. First, KPMG completed an assessment of the existing ERP and financial reporting platform. In the assessment, KPMG identified and concluded a distinct and favourable target state scenario and presented guidelines and recommendations to the management team at Qinterra.

KPMG provided Qinterra's management team with a full overview of the complexity of the existing state of the financial platform and identified the key pain points in the set-up. With KPMG's report, Qinterra's executive management was able to make an insightful and fact-based decision with pros and cons for the potential future financial reporting set-up. Management was able to focus on the most critical issues and address the initiatives needed to have a finance function ready by the deadline of the carve-out.

Following the assessment, Qinterra selected KPMG as the lead to take the overall responsibility for successfully implementing and rolling out the selected financial platform for locations in Houston, Calgary, Aberdeen and Stavanger. KPMG had the responsibility for programme and project management, transition and restructuring of the financial processes related to the carve-out, as well as financial consolidation, with the objective of establishing transparency in order to improve efficiency and cost management. Strict project management with dedicated focus on the transition deadline was pivotal for a successful implementation and carve-out transition.

KPMG formed a Nordic team of management consultants from Denmark and Norway. This was a significant demonstration of KPMG's capabilities in working seamlessly across the Nordic region. The team from KPMG consisted of management consultants with detailed industry-specific knowledge within oil and gas and management consultants with expertise within ERP and financial reporting.


# OUR PEOPLE

AGILITY

BOLDNESS

EXCITEMENT

IMPACT



*"Deciding to apply for KPMG's Graduate Programme was a great way to be part of something new, and I simply got attracted to the combination of cross-functional opportunities and the programme's international profile. KPMG was a clear choice for me. I can contribute to the graduate programme whilst shaping my own development. I can already feel how, as graduates, we are all growing from the experience of being part of 'The Journey.'"*

**Sune Nordby Madsen**

*Assistant, Audit*

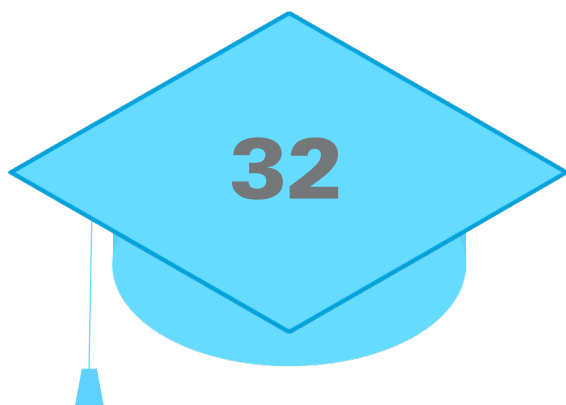
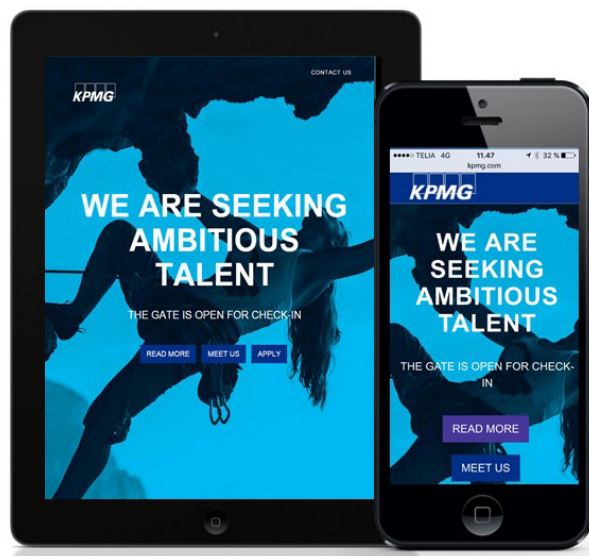


# Our people

## People & talent – accelerating the learning curve

We have grown our staff base considerably during this year through attraction of talent and recruitment in Denmark and from KPMG offices abroad. Building tomorrow's professional services firm in an established market is a truly unique employer brand proposition – it allows the individual to shape not only their own career development, but it also challenges our people to show engagement beyond their professional profile and take ownership. At KPMG, we share this pioneering spirit.

Going into our new year, 1 October 2015, we totalled more than 450 employees and partners across all service areas of KPMG P/S and KPMG Acor Tax. Our new joiners take part in our induction programme, designed to help them get an impeccable start in their career. It is fundamental to understand how KPMG works and what our global vision is as it is helping our recruits work out how their knowledge and experience, whether gained from industry, another professional services firm or another country, enrich our knowledge base as a firm.



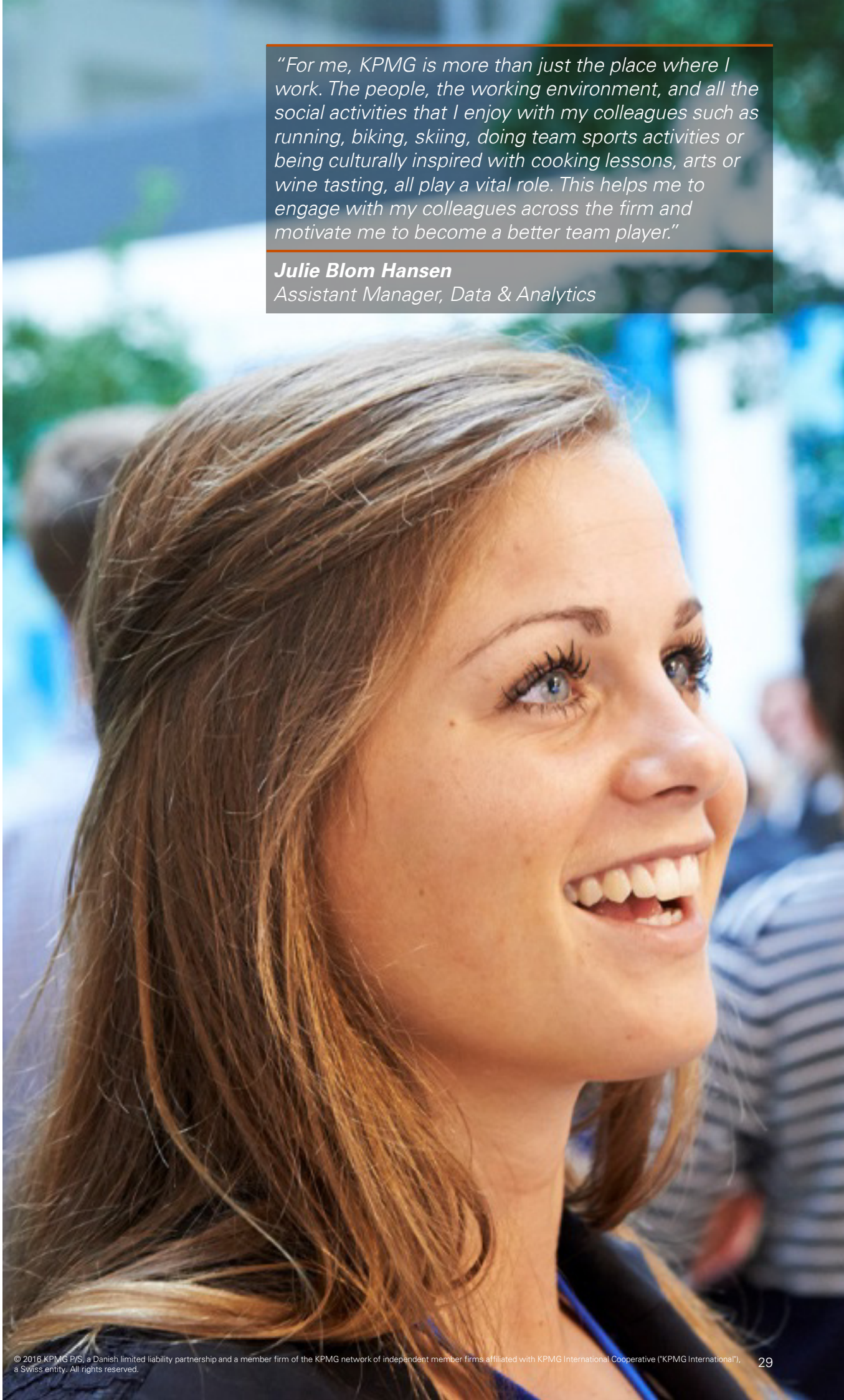
**No. of graduates  
joining "The Journey"**

## KPMG's Graduate Programme "The Journey"

Our graduate programme [The Journey](#) is designed to offer a powerful start to a business career for ambitious talents with the determination and courage to set out on a challenging two-year learning experience. The graduates grow their technical, business and leadership skills, with the potential for an international career, in our client-facing Advisory, Audit and Tax teams.

The 32 members of the 'class of 2015' met, first at our new Copenhagen office for time with our Leadership team, and then travelled the next day to Vilnius, Lithuania, for two weeks of intensive training in technical, business and leadership skills in August 2015. This session was held jointly with graduates joining KPMG in Norway, giving our new team members a Nordic network from day one and expanding their cross-border network.





*"For me, KPMG is more than just the place where I work. The people, the working environment, and all the social activities that I enjoy with my colleagues such as running, biking, skiing, doing team sports activities or being culturally inspired with cooking lessons, arts or wine tasting, all play a vital role. This helps me to engage with my colleagues across the firm and motivate me to become a better team player."*

**Julie Blom Hansen**

Assistant Manager, Data & Analytics

## Our people (cont.)

What makes us the most proud about this programme, besides its popularity in the graduate marketplace, is the fact that it was developed by our own people, calling on global content and designed to meet the needs of the Masters graduates joining our firm. It is a mixture of formal learning, inspirational speaking events, team exercises and informal knowledge-sharing sessions. As a participant on "The Journey", students work with different proposition teams across the organisation, gaining a breadth of knowledge and a true 'kick-start' to their professional careers.



**State authorised public accountants**



**No. of received applications**

### **Our diverse workforce**

We are proud of the diversity of our workforce and the range of experience and thinking it brings. We currently have 12 colleagues with us from KPMG offices overseas and sent our first Danish colleagues outbound on a two year secondment this year: one to Sydney and one to Melbourne in Australia. These links root us further in the KPMG global network.

### **'Small agile bites' – a 'millennial style' learning initiative**

The learning opportunities do not stop with our new or more junior team members: Another highlight of our people agenda has been the launch of the 'Small agile bites' learning initiative, also designed and implemented by a team of our consultants. Its premise is simple – colleagues identify another member of staff who is particularly skilled in an aspect of our work and nominate them to run a brief coaching session to pass on their knowledge and advice. The sessions are promoted online, happen soon after the need is identified and prove very popular.



*"The combination of a pioneering spirit and some excellent international opportunities attracted me to KPMG. A secondment to Australia was my key priority, and as part of Deal Advisory in Melbourne, I will get valuable international experience, broaden my service delivery capabilities and expand my global network before I return to the Danish team."*

**Jakob Aksglæde**

Manager, Deal Advisory





# Our local & global network

*"KPMG International and the entire global network fully support and trust the Danish member firm to succeed in the market with the tremendous determination demonstrated by them and our clients' clear choice from day one."*

**John B. Veihmeyer**

Chairman, KPMG International

**24.44**  **USD billion**

Combined global KPMG revenues

**155**

KPMG member firms

**8.1%**

Global growth rate  
(in local currency)

**174,000**

Global no. of employees & partners

## Risks

### Operational risks

The operational risks facing our business are those we have in common with other professional services firms. This is notably a deterioration in market conditions and claims and reputational damage caused either by 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 10 December 2015, describes the key elements of our quality control system. We are committed to achieving consistently the highest standard of quality, ethics and integrity in day-to-day business to ensure we meet our responsibilities to our clients, regulators, communities and capital markets. The Transparency Report can be found on our website, [www.kpmg.dk](http://www.kpmg.dk).

### Financial risks

We received funding in the form of grants from KPMG International that are not required to be repaid and loans denominated in USD. This continues with the support of KPMG International. Due to the fact that the grants and loans are denominated in USD, we are exposed to risks related to the development in the USD exchange rate.

We are exposed to credit risk but we do not have material credit risk on individual debtors.

### Events after the balance sheet date

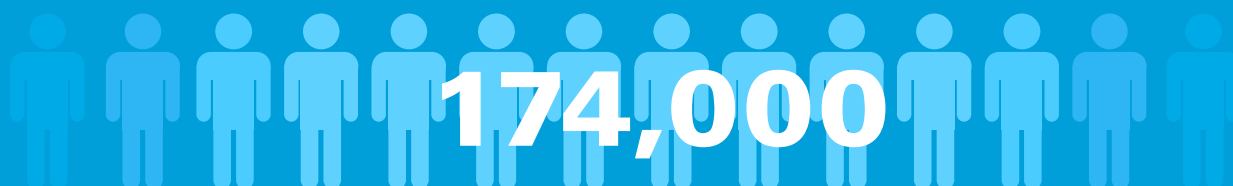
No events have occurred after the balance sheet date that could significantly affect the financial statements.



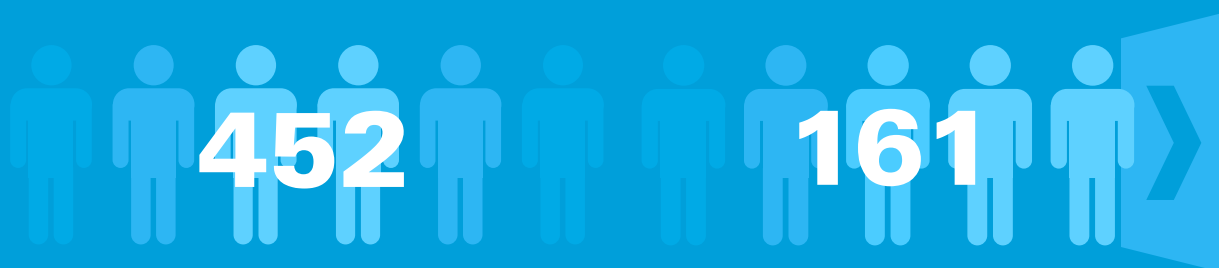
# Our local & global network

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).



Global no. of employees & partners



Total no. of employees & partners

Total no. of employees & partners onboarded



101  
DKK million

Revenue  
FY14



Total no. of team sports hours



Total revenue growth  
for KPMG P/S and KPMG Acor Tax P/S



In the work we do for our clients, we both 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 these pages are therefore pro forma numbers reflecting our activities in the Danish market, during the period 1 January to 30 September 2015.

2,085



Total no. of applications received

No. of offices in KPMG in Denmark  
+ 2 team facilities  
(Aalborg & Kolding)



3

2.5k



Total no. of clients & people attending events etc.

32



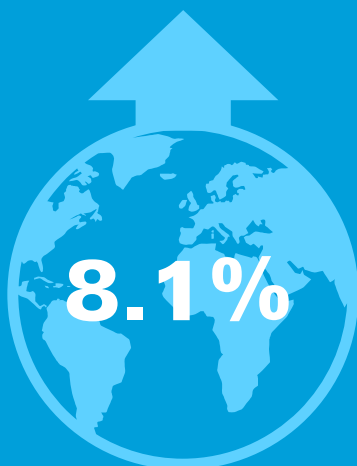
No. of state authorised public accountants

155



KPMG member firms

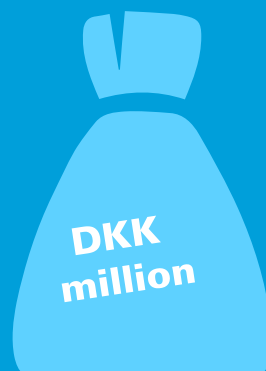
8.1%



Global growth rate  
(in local currency)

277  
DKK million

Total revenue  
for KPMG P/S and  
KPMG Acor Tax



A blue-tinted photograph of an astronaut walking on the moon's surface, with footprints visible in the dust. The astronaut is wearing a full spacesuit and is positioned on the right side of the frame. The background shows the dark, cratered surface of the moon under a starry sky.

# FINANCIAL STATEMENTS 2015





# Financial statements 2015 (cont.)

## Accounting policies

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

The financial year has been changed from calendar year to 1 October to 30 September, and consequently, the current financial year runs from 1 January to 30 September 2015. Comparative figures have not been restated and represent 13 months and balances at 31 December 2014.

## 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 outlays 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

### 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 life. The estimated useful lives are as follows:

Equipment and leasehold improvements	3-10 years
--------------------------------------	------------



## Accounting policies (cont.)

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.

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 to 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 are 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.

# Financial statements 2015 (cont.)

## Accounting policies (cont.)

### 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.

### 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:

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



## Income statement

DKK'000	Note	2015 9 months	2013/14 13 months
<b>Revenue</b>		<b>205,451</b>	<b>63,200</b>
Other operating income		128,676	157,203
Other external expenses		(98,014)	(77,833)
Staff costs	1	(231,565)	(134,061)
Depreciation on equipment and leasehold improvements	3	(2,068)	(597)
<b>Operating profit</b>		<b>2,480</b>	<b>7,912</b>
Financial expenses	2	(2,480)	(7,912)
<b>Profit for the year</b>		<b>0</b>	<b>0</b>

## Proposed profit appropriation

DKK'000	Note	2015 9 months	2013/14 13 months
Retained earnings		0	0
		<b>0</b>	<b>0</b>

# Financial statements 2015 (cont.)

## Balance sheet

DKK'000	Note	2015	2013/14
<b>Assets</b>			
<b>Non-current assets</b>			
Fixtures and equipment	3	18,054	4,473
Deposits	4	13,302	7,955
<b>Total non-current assets</b>		<b>31,356</b>	<b>12,428</b>
<b>Current assets</b>			
Receivables			
Trade receivables		90,171	62,416
Receivables from related companies		0	89,604
Services in progress	5	25,670	21,043
Other receivables		123,159	2,582
Prepayments		2,797	1,499
		241,797	177,144
<b>Cash at bank</b>		<b>2,414</b>	<b>25,915</b>
<b>Total current assets</b>		<b>244,211</b>	<b>203,059</b>
<b>Total assets</b>		<b>275,567</b>	<b>215,487</b>

DKK'000	Note	2015	2013/14
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	560	500
Retained earnings		0	0
<b>Total equity</b>		<b>560</b>	<b>500</b>
<b>Current liabilities</b>			
Services in progress	5	25,557	21,616
Trade payables		21,281	5,031
Other payables		228,169	188,340
<b>Total current liabilities</b>		<b>275,007</b>	<b>214,987</b>
<b>Total equity and liabilities</b>		<b>275,567</b>	<b>215,487</b>
Contractual obligations contingencies, etc.	7		
Related party disclosures	8		



## Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at establishment per 11 December 2013	500	0	500
Transferred; see profit appropriation	0	0	0
<b>Equity at 31 December 2014</b>	<b>500</b>	<b>0</b>	<b>500</b>
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>

## Cash flow statement

DKK'000	Note	2015 9 months	2013/14 13 months
Profit for the year		0	0
Depreciation		2,086	597
Changes in working capital	9	(23,701)	21,964
<b>Cash flow from operating activities</b>		<b>(21,633)</b>	<b>22,291</b>
Acquisition of equipment and leasehold improvements		(15,649)	(5,070)
Deposits (net additions)		(5,347)	(7,955)
<b>Cash flow from investing activities</b>		<b>(20,996)</b>	<b>(13,025)</b>
External financing:			
Net increase in financing		19,068	16,149
Shareholders:			
Share capital cash increase		60	500
<b>Cash flow from financing activities</b>		<b>19,128</b>	<b>16,649</b>
<b>Cash flow for the year</b>		<b>(23,501)</b>	<b>25,915</b>
Cash and cash equivalents at the beginning of the year		25,915	0
<b>Cash and cash equivalents at year end</b>		<b>2,414</b>	<b>25,915</b>

# Financial statements 2015 (cont.)

## Notes

### 1. Staff costs

DKK'000	2015 9 months	2013/14 13 months
Wages, salaries and partner remuneration	220,331	128,485
Pensions	10,004	5,091
Other social security costs	1,230	485
<b>Total staff costs</b>	<b>231,565</b>	<b>134,061</b>
<b>Average number of employees including partners</b>	<b>278</b>	<b>106</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.

### 2. Financial expenses

DKK'000	2015 9 months	2013/14 13 months
Interest expense to banks, etc.	422	127
Net foreign exchange losses	2,058	7,785
<b>Total financial expenses</b>	<b>2,480</b>	<b>7,912</b>

### 3. Equipment and leasehold improvements

DKK'000	Equipment and leasehold improvements
Cost at 1 January 2015	5,070
Additions	15,649
<b>Cost at 30 September 2015</b>	<b>20,719</b>
Depreciation at 1 January 2015	(597)
Depreciation	(2,068)
Depreciation at 30 September 2015	(2,665)
<b>Carrying amount at 30 September 2015</b>	<b>18,054</b>

Notes (cont.)

#### 4. Deposits

DKK'000	Deposit
Cost at 1 January 2015	7,955
Additions	6,633
Repayments	(1,286)
Cost at 30 September 2015	13,302
<b>Carrying amount at 30 September 2015</b>	<b>13,302</b>

#### 5. Services in progress

DKK'000	2015	2013/14
Selling price of work performed	136,801	67,793
Progress billing	(136,688)	(68,366)
<b>Services in progress at 30 September 2015</b>	<b>113</b>	<b>(573)</b>

Recognised as follows:

DKK'000	2015	2013/14
Contract work in progress (assets)	25,670	21,043
Contract work in progress (liabilities)	(25,557)	(21,616)
	<b>113</b>	<b>(573)</b>

#### 6. Share capital

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

DKK'000	2015	2013/14
Balance at 1 January 2015	500	500
Cash capital increase at par	60	0
<b>Share capital at 30 September 2015</b>	<b>560</b>	<b>500</b>

The shares capital is specified as follows:

DKK'000	2015	2013/14
A shares, 3,165.24 of nom. DKK 100 each	317	500
B shares, 2,434.80 of nom. DKK 100 each	243	0
	<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.

The costs of the capital increase paid by the Company amounts to DKK 10,000 excluding VAT.



# Financial statements 2015 (cont.)

Notes: (cont.)

## 7. Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date amount to DKK 80,841 thousand within 6 years (2013/14: DKK 80,468 thousand). In 2015/16, operating lease obligations falling due amount to DKK 16,087 thousand (2013/14: DKK 16,912 thousand).

Contracted sub-lease income amounts to DKK 2,340 thousand, which falls due within three years (2013/14: DKK 0).

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

## 8. Related party disclosures

KPMG P/S' related parties comprise the following:

### Parties exercising control

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

### Other related parties

- Leadership team and Board of Directors
- KPMG Komplementarselskab ApS
- KPMG member firms including KPMG Acor Tax Partnerselskab,
- Denmark Holding 2014 ApS (until 1 February 2015 the Company held the majority of the share capital of KPMG P/S).

## 9. Changes in working capital

DKK'000	2015 9 months	2013/14 13 months
Change in receivable	(83,721)	(87,539)
Change in trade and other payable	60,020	109,233
	<b>(23,701)</b>	<b>21,694</b>

