

# AN 2018 NUAL RE PORT

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### Notes:

The English text in this document is an unofficial translation of the Danish original.  
In the event of any inconsistencies, the Danish version shall apply.

Please note that Danish decimal and digit grouping symbols have been used in the financial statements

## Management's statement

We, the undersigned, have today examined and approved DanChurchAid's annual report for the financial year 1 January – 31 December 2018.

The annual report has been prepared and is presented in accordance with the Danish Financial Statements Act and the Danish Ministry of Culture's Executive Order no. 1701 of 21 December 2010 on financial and administrative conditions for recipients of operating grants from the Danish Ministry of Culture.

It is our opinion that the financial statement presents a true and fair view of the organisation's assets and liabilities, its financial position on 31 December 2017 and the result of the organisation's activities in the financial year 1 January – 31 December 2018.

In our opinion, the Management's review gives a fair presentation of the matters accounted for.

The organisation has established guidelines and procedures to ensure that the transactions reported in the financial statement have been conducted in conformity with awarded grants, acts and other regulations as well as with agreements entered into and common practice. In addition, guidelines and procedures have been established to ensure that the funds covered by the financial statement are managed with due economic consideration.

We recommend the annual report for adoption by the annual meeting.

Copenhagen, 8. April 2019



Søren Christian Madsen  
Chairman



Birgitte Qvist-Sørensen  
General Secretary



Kirsten Smedegaard Andersen  
Treasurer



Solvej Gasseholm Bang  
Vice Chairman



Anne Mette Kjær



Jesper Lindholm



Henning Thomsen



Amalie Cordes



Mogens Mogensen



Birthe Juel Christensen

## **Independent auditor's report**

### **To the Management of DanChurchAid**

#### **Opinion**

We have audited the financial statements of DanChurchAid for the financial year 01.01.2018 – 31.12.2018, which comprise the accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act and the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture.

In our opinion, the financial statements give a true and fair view of the Organisation's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act and the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing, additional requirements applicable in Denmark, as well as the standards on public auditing as the audit was conducted in accordance with the provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **Independent auditor's report (continued)**

Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, the additional requirements applicable in Denmark, as well as the standards on public auditing as the audit was conducted in accordance with the provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture, and generally accepted public auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report (continued)**

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under generally accepted accounting principles.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and generally accepted accounting principles. We did not identify any material misstatement of the management commentary.

## **Report on other legal and regulatory requirements**

### **Statement on compliance audit and performance audit**

Management is responsible for the compliance of transactions relating to the application of received state football and lottery funds covered by the financial statements with the appropriations granted, statutes, other regulations, agreements and usual practice, and for ensuring that sound financial management is exercised in the administration of the received state football and lottery funds covered by the financial statements.

As part of our audit of the financial statements, it is our responsibility to select relevant subject matters for compliance audit as well as performance audit in accordance with the audit provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the transactions relating to the receipt of state football and lottery funds covered by the financial statements comply with appropriations granted, statutes, other regulations, agreements and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the received state football and lottery funds covered by the financial statements.


If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this.


We have no material critical comments to report in this respect.

Copenhagen, 08.04.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No 33 96 35 56

  
Henrik Wellejus  
State-Authorised  
Public Accountant  
MNE-nr. mne24807

  
Christian Dalmoose Pedersen  
State-Authorised  
Public Accountant  
MNE-nr. mne24730

**Information on organisation**

Organisation name

DANCHURCHAID  
Folkekirkens Nødhjælp  
Mehldalsgade 3, 3. & 4. sal  
1613 Copenhagen V  
Denmark  
Tlf.nr. 3315 2800

CVR-nr. 36 98 02 14  
Kommune: København  
Fondsreg.nr. 7894

Chairman  
Vice Chairman  
Treasurer

Søren Christian Madsen  
Solvej Gasseholm Bang  
Kirsten Smedegaard Andersen  
Anne Mette Kjær  
Jesper Lindholm  
Henning Thomsen  
Amalie Cordes  
Mogens Mogensen  
Birthe Juel Christensen

General Secretary

Birgitte Qvist-Sørensen

Auditor

Deloitte Statsautoriseret  
Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S.  
Denmark

Financial institution

Danske Bank  
Finanscenter København  
Holmens Kanal 2  
1090 København K.  
Denmark

**Profit and loss account - key figures, mDKK**

<b>Income</b>	<b>2018</b>	<b>2017</b>	<b>Expenditure</b>	<b>2018</b>	<b>2017</b>
Private donations/appeals	166.0	170.5	Development aid	251.1	272.2
Danida grants	200.9	215.5	Relief aid	306.9	305.5
EU grants	98.9	91.6	<i>of this humanitarian mineaction</i>	<i>131.5</i>	<i>125.1</i>
Internationale donors	203.1	206.5	Learning Lab Activities	5.2	5.6
Other income and interest			Information	16.3	11.9
(net)	6.0	5.5	Campaigns and fundraising	67.1	50.1
			Administrative expenses	43.0	40.5
<b>Total (net turnover)</b>	<b>674.9</b>	<b>689.6</b>	<b>Total expenditure</b>	<b>689.7</b>	<b>685.8</b>
			Profit or loss for the year	-14.8	3.8
<b>Total</b>	<b>674.9</b>	<b>689.6</b>	<b>Total</b>	<b>674.9</b>	<b>689.6</b>
Administration	5.6%	4.7%			



## where did the money come from?

Private donations	165,957,702
Gifts, collections, etc	125,575,693
Second Hands Shops etc., profit	30,320,883
Special collections	10,061,126
Danida grants	200,919,494
Development grants	105,822,420
Humanitarian Frame	83,940,448
Single grants, including disaster	11,156,626
EU grants	98,887,430
Internationale Donors	203,102,207
Other income	6,013,863
<b>In all</b>	<b>674,880,696</b>



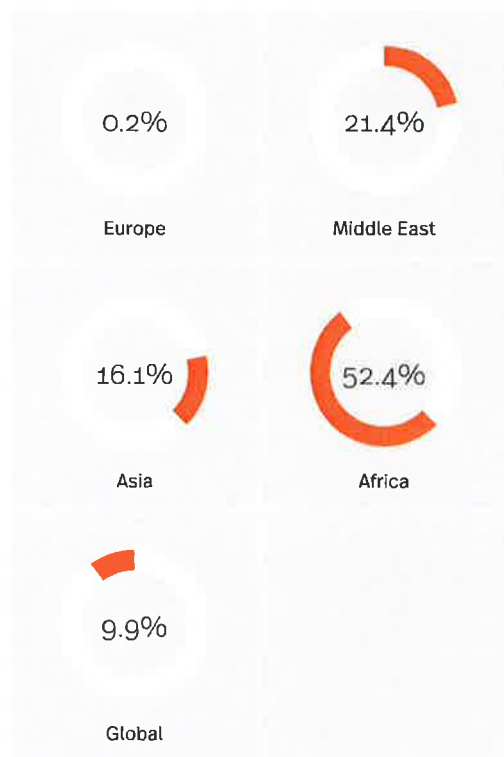
## What was the money spent on?

Development Aid	251,092,004
Humanitarian Assistance	306,947,708
Learning Lab activities	5,194,782
Information	16,287,657
Fundraising	67,149,942
Secretariat	43,045,945
<b>In all</b>	<b>689,718,038</b>

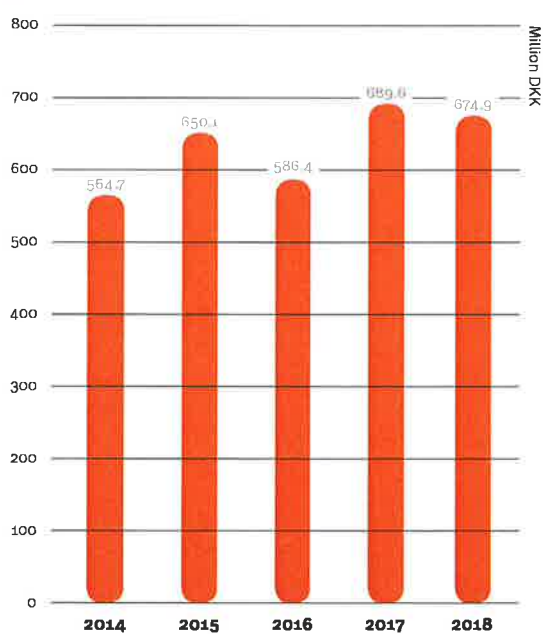
## where was the money spent?

Europe	1,028,137
Middle East	119,491,986
Asia	90,029,269
Africa	292,198,058
Global	55,292,262
<b>In all</b>	<b>558,039,712</b>

Source: KPMG

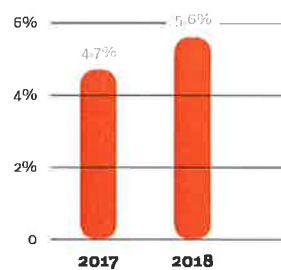


## turnover 2014 - 2018



## administration percent 2017 - 2018

**Note:** The administration percentage is calculated according to new method and therefore there is no comparative figures for the years 2014-2016.



## **Management commentary**

The annual report comprises the management commentary including financial highlights, accounting policies, profit and loss account for 2018, balance sheet at 31 December 2018 and accompanying notes. The annual report includes comparative figures for 2017.

The financial statements are prepared in accordance with the Danish Financial Statements Act and the Danish Executive Order No. 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations from the Danish Ministry of Culture.

At 31 December 2018, equity amounted to DKK 102.8m, and loss for the year was DKK 14.8m against an expected profit of DKK 8m. The primary reasons for a poorer economic performance than expected stem from the fact that the expected increase in fundraising was not achieved and that it was necessary to write down a receivable of DKK 5.7m concerning relief work carried out in South Sudan according to the contract with the project partner. The write-down was the result of great uncertainty that had arisen about the project partner's ability to pay, although the back donor, the Dutch Ministry of Foreign Affairs, had transferred the money to the project partner. Moreover, the equity changed by DKK 1.9m compared to the equity at 31 December 2017 due to a loss provision for guarantees of payment that should have been provided for in the financial statements for 2017.

Below, we have commented on income and expenses for the year.

### **Income for the year**

Total income including net financial income of DanChurchAid amounted to DKK 674.9m in 2018; a decline in revenue compared to the record-setting year 2017 by DKK 14.8m and compared to 2016 revenue increased by DKK 88.5m.

The fact that the total income of DanChurchAid declined in 2018 compared to 2017 originates from a decrease in fundraising by DKK 4.6m and fewer grants from Danida by DKK 14.6m and from International donors by DKK 3.4m. On the other hand, there is an increase in the external grants through EU funding by DKK 7.3m.

Income contributed to our work by the Danish people amounted to approx. DKK 166m, which was a decrease of DKK 4.6m compared to 2017. The lower fundraising can be explained by the fact that no major emergency fundraising campaigns took place in 2018. The considerable amount of money was raised through various fundraising initiatives such as the Parish Collection campaign, Danmarks Indsamling, second-hand activities, not to mention the many contributions by Danes who support our work through monthly fixed donations. In total, we recognised non-earmarked contributions of DKK 132.1m, which was DKK 1.4m less than in 2017. Also, we had special fundraising campaigns such as the Parish Collection campaign that generated DKK 10.1m, which was DKK 3.7m less than in 2017.

Committed giving and deeds of gift to DanChurchAid totalled DKK 77.7m, down DKK 0.6m on 2017, and the newsletter "Magasinet" generated DKK 1.5m, up DKK 0.4m on 2017. Second-hand activities made an impressive profit of DKK 30.3m, up DKK 1.7m on 2017. Further, testamentary gifts came to DKK 20.4m, DKK 2.6m less than in 2017. In 2018, DanChurchAid received DKK 2.2m from the football pools and lottery funds of the Danish Ministry of Culture. In total, we recognised earmarked donations of DKK 23.8m, which is DKK 0.5m more than in 2017. We point out that, because we do not recognise earmarked income until it has been spent, part of this income was raised in 2017. Further, part of the earmarked funds received during the second half of 2018 has not been spent yet. Accordingly, these funds will not be recognised until 2019. In 2018, DanChurchAid contributed DKK 5.65m to Danmarks Indsamling.

Grants from Danida, the EU and other international donors totalled DKK 502.9m, which was approx. DKK 10.7m less than in 2017. In 2018, state grants contributed through Danida amounted to DKK 200.9m, down DKK 14.6m on 2017. Also, DanChurchAid received EU grants of DKK 98.9m, which was DKK 7.3m more than in 2017. Grants from international donors were DKK 203.1m, down DKK 3.4m on 2017.

We have recognised DKK 6.7m as other income, grants and refunds of which DKK 1.5m concerned a VAT refund. Other income of DKK 0.4m related to the sale of merchandise and DKK 4.7m related to the sale of Learning Lab activities.

In 2018, interest income, exchange rate adjustments, etc amounted to negative DKK 0.7m net of which unrealised exchange rate adjustments amounted to negative DKK 1.3m.

### **Expenses for the year**

Our activities and efforts in 2018, which covered all focus areas, declined by DKK 19.6m to DKK 558m compared to 2017 and, compared to 2016, the amount decreased by DKK 26.4m. The declining level of activity was the result of reduced grants from Danida. Development projects dropped by DKK 21.1m to DKK 251.1m, humanitarian emergency aid projects declined by DKK 4.9m to DKK 175.5m, and humanitarian mine clearance activities rose by DKK 6.3m to DKK 131.5m. Overall, the primary focus has been on priority areas such as humanitarian emergency aid, humanitarian mine clearance, disaster prevention as regards food safety, protection of democratic values, as well as various other international activities.

Geographically, Africa continues to be the continent where DanChurchAid has the highest level of activity, with expenses totalling DKK 292.2m, equal to 52.4% of our total relief efforts. Our activities centred around the following countries: South Sudan, where a total of DKK 92.1m was spent chiefly on disaster relief and humanitarian mine clearance activities; Ethiopia, where DKK 63.2m was spent mainly on disaster prevention as regards food safety and climate change; Zimbabwe, Uganda, Malawi and Kenya, where DKK 36m, DKK 33.5m, DKK 18.3m and DKK 13.5m, respectively, were spent mostly on disaster relief, humanitarian mine clearance activities, disaster prevention as regards food safety and climate change, as well as protection of democratic values. For the Middle East, we recorded the second highest activity totalling DKK 119.5m or 21.4%. Most activities took place in Palestine (DKK 35.5m), where activities were aimed at protecting democratic values; Libya (DKK 29.1m), Lebanon (DKK 25.5m) and Syria (DKK 22.5m), where activities were aimed at providing disaster relief and humanitarian mine clearance. For Asia, we spent DKK 90m or 16.1%. Our activities were highly concentrated in the following countries: Myanmar, Cambodia, Nepal and Bangladesh, where DKK 29.3m, DKK 18.9m, DKK 15.9m and DKK 14.7m, respectively, were spent, focusing on the protection of democratic values, disaster prevention as regards food safety and climate change, as well as disaster relief and humanitarian mine clearance activities. Further, we spent DKK 55.3m (9.9%) on global activities and DKK 1m (0.2%) on European activities.

### **Information and fundraising activities**

In 2018, expenses for information and fundraising activities totalled DKK 83.4m, up DKK 21.4m on 2017. The increase in total expenses is the outcome of changed principles for time recording, which means that a larger portion of the labour costs is allocated to the relevant activities. Furthermore, part of the operating costs is allocated to the individual areas of activity.

Expenses of DKK 67.1m were paid in connection with fundraising activities such as the annual Parish Collection campaign, continued focus on new ways of fundraising including the recruitment of donors, the campaigns "Face2Face" and "Give a Goat" (gift catalogue), central logistics operations (stocks) relating to second-hand clothing as well as the operation of charity shops and the Wefood shops - sale of surplus food. DKK 16.3m was spent on information activities such as the publication of the newsletter "Magasinet", the campaign "Det er dansk at dele" and press work in general. Of the DKK 16.3m, DKK 2.8m was financed externally by, among others, Danida with approx. DKK 2m for project-related information activities and the Timbuktu Foundation with DKK 0.3m.

### **Learning Lab**

Income from Learning Lab activities amounted to DKK 5.2m in 2018, down DKK 0.4m on 2017. Furthermore, we have recognised income from invoicing of services by DKK 4.7m.

### **Administration**

The administration rate was 5.6%, which is 0.9% higher than in 2017 (4.7%). The slightly higher administration rate results from a lower revenue compared to the higher secretarial expenses.

A new calculation method has been introduced for the administration rate, thus resulting in the allocation of a larger portion of payroll, staff and operating costs to the individual areas of activity.

The administration rate is calculated as total payroll, staff and operating costs less total costs relating to the activities in the international department and Engagement expressed as a percentage of total revenue.

In 2018, actual expenses incurred at the Copenhagen secretariat in Nørregade/Mehldalsgade and the operation of the regional offices in our focus countries amounted to DKK 218.5m. Operating costs of our regional offices came to DKK 97.4m, which is DKK 32.1m more than in 2017, and of which relief work activities have financed almost the entire amount. Operating costs of the Copenhagen secretariat in Nørregade/Mehldalsgade amounted to DKK 121.1m, up DKK 10.3m on 2017. The increased operating costs of the regional offices are the outcome of an increased number of employees to handle the growing relief work, and the rise in operating costs of the Copenhagen secretariat in Nørregade/Mehldalsgade is attributable to increased IT investments in connection with escalated self-implementation of projects and GDPR activities, increased labour costs, as well as price increases in general.

The part of the secretarial expenses related to programmes and projects is transferred through time recording and cost allocation to the relevant activities. After the transfer of these expenses, secretarial expenses amounted to DKK 43m in 2018, up DKK 2.5m on 2017.

DanChurchAid received total administrative contributions of DKK 32.6m (an average rate of 6%) from donors to manage the grants received, which is DKK 4.4m more than in 2017 when DKK 28.2m (an average rate of 5.2%) was received.

### **Performance for the year**

The loss for the year is DKK 14.8m, which is covered by previous years' profits. A performance that was poorer than expected mainly stems from the decreased fundraising compared to the budget for which we had high expectations for an increase in 2018 compared to previous

years, although not fulfilled and that it has been necessary to write down a receivable of DKK 5.7m for assisted work in South Sudan.

### **Anti-corruption**

In 2018, we remained focused on activities relating to anti-corruption and complaints. For further information on specific cases, please see the descriptions published on our website [www.noedhjaelp.dk/anti-korruption](http://www.noedhjaelp.dk/anti-korruption).

### **Events after the balance sheet date**

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

## **Accounting policies**

The annual report of DanChurchAid for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting A enterprises, with the addition of the management commentary and the audit provisions of the Danish Executive Order No. 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations from the Danish Ministry of Culture.

The accounting policies applied to these financial statements are consistent with those applied last year, except for the accounting policies applied to the calculation of the administration rate, which has been changed as of 2018. Comparative figures have been calculated for 2017.

The financial statements for 2017 have been changed due to a loss provision for guarantees of payment of DKK 1.9m that should have been provided for in the financial statements for 2017. The change affects the results for 2017, which have been reduced by DKK 1.9m. Similarly, the comparative figures have been changed under equity on page 17, in note 7 Financial expenses, and note 12 Other debt regarding the item Provision OIKOS (guarantee of payment).

### **Recognition and measurement**

Income is recognised in the profit and loss account when earned, including value adjustments of financial assets and liabilities. All costs, including depreciation and write-downs, are also recognised in the profit and loss account.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

### **Profit and loss account**

#### **Income**

Income primarily consists of funds raised and grants, which are recognised as income at the time when the amount is finally available. For non-earmarked funds, the right of disposal is transferred at the time of payment, and for earmarked funds, the right of disposal is transferred when the funds are spent.

#### **Relief work**

Amounts transferred to projects are regarded as spent, thus recognising transfers as expenses in the profit and loss account when the relief work is carried out. Actual expenses are not calculated until the projects have ended.

#### **Information and campaign activities**

Information and campaign activities include expenses related to information about the relief work, including the publication of the newsletter "Magasinet" and costs related to fundraising campaigns such as the Parish Collection campaign.

#### **Learning Lab activities**

The Learning Lab was established in 2014 focusing on the innovation, streamlining and development of capacity building and skills development in DanChurchAid and among sister organisations in the ACT Alliance. The Learning Lab activities include expenses for development of an IT platform, courses, material, etc.

#### **Secretarial expenses**

Secretarial expenses include expenses for administrative staff, administration, rental expenses under operating leases, depreciation on property, plant and equipment, etc.

### **Financial income and expenses**

Financial income and expenses are recognised in the profit and loss account at the amounts relating to the financial year. Financial income and expenses include interest income and expenses as well as realised and unrealised capital or exchange gains and losses on securities, debt and foreign currency transactions.

Dividends from equity investments are recognised as income in the financial year in which they are declared.

### **Tax on net profit or loss for the year**

DanChurchAid is exempted from the liability to pay tax.

### **Balance sheet**

#### **Property, plant and equipment**

Land and buildings as well as fixtures and operating equipment are measured at cost less accumulated depreciation.

The basis of depreciation is cost less estimated residual value after the end of the useful life. The residual value is determined based on cost.

Cost is calculated as the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

Land and buildings are recognised based on a revaluation model in which value adjustments are recognised directly in equity. The revaluation is tied up in a special reserve named "revaluation reserve".

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings, Denmark	50 yrs.	Residual value 40%
Buildings, abroad	4 - 10 yrs.	Residual value 0%
Fixtures and operating equipment	3 - 5 yrs.	Residual value 0%

Cars are depreciated by 30% of their residual value.

Assets to be used abroad are recognised in the profit and loss account as project costs over their useful lives.

Profit or loss arising from sale of property, plant and equipment are calculated as the difference between selling price, less selling costs, and the carrying amount at the time of sale. The profit or loss is recognised in the profit and loss account as other grants and refunds.

### **Stocks**

Stocks are measured at the lower of cost, using the FIFO method, and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less completion costs and costs incurred to execute sale, and is determined in consideration to marketability, obsolescence and expected selling price.



**Project grants receivable**

Project grants receivable recognised as assets represent outstanding project commitments from donors in which the commitment has been made in the financial year, but the actual project grant will not be received until the subsequent financial year.

Project grants receivable are measured at expected project payments based on an individual assessment of the possibility of obtaining a project grant for the particular projects.

**Debtors**

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

**Prepayments**

Prepayments include incurred costs relating to subsequent financial years.

**Securities**

Securities recognised as current assets are measured at fair value (market price) at the balance sheet date.

**Debt**

Other debt is measured at amortised cost, which usually corresponds to nominal value.

**Project commitments**

Project commitments recognised as liabilities represent unused project grants from donors. Project commitments consist of either future expenses related to earmarked projects or repayment of project grants to donors.

Project commitments are measured at project grants received from donors less project costs incurred.

**Foreign currency translation**

Transactions in foreign currencies are translated using the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the profit and loss account as financial income or expenses.

Receivables, debt and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are measured using the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the one in effect at the payment date is recognised in the profit and loss account as financial income or expenses.

Fixed assets that have been purchased in foreign currencies are measured at the exchange rate at the transaction date.

**Administration rate**

The administration rate is calculated as total payroll, staff and operating costs less total costs relating to the activities in the international department and Engagement expressed as a percentage of total revenue.

**Profit and loss account 1 January - 31 December 2018**

	Note	2018			2017
		DKK	EURO	USD	DKK
Income	1	<u>675.559.935</u>	<u>90.661.638</u>	<u>107.321.988</u>	<u>692.505.418</u>
		<b><u>675.559.935</u></b>	<b><u>90.661.638</u></b>	<b><u>107.321.988</u></b>	<b><u>692.505.418</u></b>
Development and relief aid	2	<u>-558.039.712</u>	<u>-74.890.164</u>	<u>-88.652.284</u>	<u>-577.671.679</u>
Learning Lab activities	3	<u>-5.194.782</u>	<u>-697.151</u>	<u>-825.263</u>	<u>-5.629.531</u>
Information and campaigns	4	<u>-83.437.599</u>	<u>-11.197.510</u>	<u>-13.255.210</u>	<u>-61.993.103</u>
		<b><u>-646.672.093</u></b>	<b><u>-86.784.825</u></b>	<b><u>-102.732.757</u></b>	<b><u>-645.294.313</u></b>
<b>Gross profit</b>		<b><u>28.887.841</u></b>	<b><u>3.876.812</u></b>	<b><u>4.589.231</u></b>	<b><u>47.211.105</u></b>
Administrative expenses	5	<u>-43.045.945</u>	<u>-5.776.861</u>	<u>-6.838.440</u>	<u>-40.505.379</u>
<b>Operating profit</b>		<b><u>-14.158.104</u></b>	<b><u>-1.900.049</u></b>	<b><u>-2.249.209</u></b>	<b><u>6.705.726</u></b>
Financial income	6	<u>1.173.712</u>	<u>157.515</u>	<u>186.460</u>	<u>413.594</u>
Financial expenses	7	<u>-1.852.951</u>	<u>-248.670</u>	<u>-294.367</u>	<u>-3.269.778</u>
<b>Net profit or loss for the year</b>		<b><u>-14.837.343</u></b>	<b><u>-1.991.204</u></b>	<b><u>-2.357.116</u></b>	<b><u>3.849.542</u></b>
<b>Net income transferred to equity</b>		<b><u>-14.837.343</u></b>	<b><u>-1.991.204</u></b>	<b><u>-2.357.116</u></b>	<b><u>3.849.542</u></b>

## Balance sheet as at 31 December 2018

	Note	2018			2017
		DKK	EURO	USD	DKK
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
<b>Property, plant and equipment</b>					
Land and buildings		0	0	0	78.000.000
Fixtures and operating equipment		9.005.879	1.208.609	1.430.708	3.577.847
		<b>9.005.879</b>	<b>1.208.609</b>	<b>1.430.708</b>	<b>81.577.847</b>
<b>Financial assets</b>					
Deposits receivable	8	7.699.830	1.033.334	1.223.224	7.353.716
<b>Total fixed assets</b>		<b>16.705.709</b>	<b>2.241.943</b>	<b>2.653.932</b>	<b>88.931.563</b>
<b>CURRENT ASSETS</b>					
Stocks		<b>16.646</b>	<b>2.234</b>	<b>2.644</b>	<b>93.674</b>
<b>Debtors</b>					
Project grants receivable		261.955.685	35.155.032	41.615.264	269.565.269
Other debtors	9	9.937.861	1.333.683	1.578.766	6.692.396
Prepayments		3.813.640	511.799	605.849	4.185.129
		<b>275.707.187</b>	<b>37.000.514</b>	<b>43.799.879</b>	<b>280.442.794</b>
<b>Securities</b>	10	<b>49.181.870</b>	<b>6.600.316</b>	<b>7.813.217</b>	<b>12.063.952</b>
<b>Securities and cash at bank, Timbuktu-foundation</b>		<b>9.905.532</b>	<b>1.329.344</b>	<b>1.573.630</b>	<b>10.235.223</b>
<b>Cash at bank and in hand</b>	11	<b>165.508.016</b>	<b>22.211.542</b>	<b>26.293.225</b>	<b>115.015.347</b>
<b>Total current assets</b>		<b>500.319.251</b>	<b>67.143.950</b>	<b>79.482.595</b>	<b>417.850.990</b>
<b>TOTAL ASSETS</b>		<b>517.024.960</b>	<b>69.385.893</b>	<b>82.136.527</b>	<b>506.782.553</b>

# Balance sheet as at 31 December 2018

	Note	2018			2017
		DKK	EURO	USD	DKK
LIABILITIES					
EQUITY					
Equity		102.776.564	13.792.842	16.327.471	117.613.902
		102.776.564	13.792.842	16.327.471	117.613.902
PROVISIONS					
Other provisions	12	1.870.506	251.026	297.156	1.870.506
		1.870.506	251.026	297.156	1.870.506
Short-term liabilities					
Project commitments		365.491.853	49.049.815	58.063.408	344.926.845
Suppliers of goods and services		9.411.655	1.263.065	1.495.171	10.385.348
Other debt	13	27.568.850	3.699.801	4.379.691	21.750.729
		402.472.358	54.012.681	63.938.270	377.062.922
Liabilities re. Timbuktu foundation		9.905.532	1.329.344	1.573.630	10.235.223
Total liabilities		412.377.890	55.342.025	65.511.900	387.298.145
TOTAL LIABILITIES AND EQUITY					
		517.024.960	69.385.893	82.136.527	506.782.553
Contingencies etc.	14				
Charges and securities	15				

## Notes to the Financial Statements

### Note 1 Income

	2018			2017
	DKK	EURO	USD	DKK
<b>PRIVATE DONATIONS</b>				
<b>Donations and collections, non-earmarked</b>				
Regular private donors	75.576.670	10.142.556	12.006.394	75.940.712
Deeds of gift	2.173.170	291.644	345.238	2.446.667
The Magazine	1.493.022	200.367	237.187	1.072.749
Bequests	20.365.088	2.733.040	3.235.274	23.010.903
Second-hand shops, profits	30.320.883	4.069.130	4.816.889	28.605.114
Ministry of Culture, danish lottery operating grants (tips/lotto)	2.161.623	290.095	343.404	2.404.859
	<b>132.090.456</b>	<b>17.726.831</b>	<b>20.984.386</b>	<b>133.481.004</b>
<b>Donations and collections, earmarked</b>				
Gifts towards specific purposes *)	23.806.120	3.194.834	3.781.930	23.341.211
<b>Special appeals</b>				
Parish appeal, donations and collections	10.061.126	1.350.225	1.598.348	13.731.417
	<b>33.867.246</b>	<b>4.545.059</b>	<b>5.380.278</b>	<b>37.072.628</b>
<b>Total private donations</b>	<b>165.957.702</b>	<b>22.271.891</b>	<b>26.364.664</b>	<b>170.553.632</b>

There are prepared separate accounts for the collections that are made in accordance with Law no. 511 of 26 May 2014 and Executive Order no. 820 of 27 June 2014.

## Notes to the Financial Statements

### Note 1 Income

	2018			2017
	DKK	EURO	USD	DKK
<b>GRANTS TOWARDS DEVELOPMENT AND RELIEF</b>				
<b>Danida grants</b>				
Development projects (special grants incl. alliance programmes)	11.156.626	1.497.244	1.772.384	20.561.337
Frame grant	105.822.420	14.201.603	16.811.347	94.708.305
Relief / humanitarian aid grants	83.940.448	11.264.994	13.335.095	100.231.266
	<b>200.919.494</b>	<b>26.963.841</b>	<b>31.918.825</b>	<b>215.500.908</b>
<b>Grants from other organisations</b>				
<b>The European Union (EU)</b>				
Grants towards development aid	36.785.486	4.936.694	5.843.880	46.563.136
Relief aid grants	62.101.944	8.334.218	9.865.748	45.033.821
	<b>98.887.430</b>	<b>13.270.912</b>	<b>15.709.629</b>	<b>91.596.957</b>
<b>Grants from international donors</b>				
Grants from Department of International Development, DFID	4.494.131	603.122	713.955	0
Grants from American State (USAID, US-DOS, BPRM etc.)	48.729.013	6.539.541	7.741.274	0
Grants from United Nations (UNDP, UNDEF, UNMAS, etc.)	34.354.738	4.610.482	5.457.723	0
Grants from Other International Institutional donors	9.888.028	1.326.995	1.570.849	0
Grants from International Donors	105.316.104	14.133.654	16.730.912	206.499.378
Grants from Private Sector Partnerships	320.193	42.971	50.867	0
	<b>203.102.207</b>	<b>27.256.766</b>	<b>32.265.579</b>	<b>206.499.378</b>
<b>Other grants and refunds</b>				
<b>Procurement</b>				
Other grants and refunds	1.616.008	216.872	256.725	1.510.811
Information material and projects etc.	360.861	48.428	57.328	981.492
Learning Lab activities	4.716.232	632.929	749.238	5.862.239
	<b>6.693.101</b>	<b>898.229</b>	<b>1.063.291</b>	<b>8.354.542</b>
<b>Total income</b>	<b>675.559.934</b>	<b>90.661.638</b>	<b>107.321.988</b>	<b>692.505.418</b>
<b>Ministry of Culture, danish lottery operating grants (tips/lotto)</b>				
Danida grants	2.161.623	290.095	343.404	2.404.859
The European Union (EU)	200.919.494	26.963.841	31.918.825	215.500.908
Grants from other national and international donors	98.887.430	13.270.912	15.709.629	91.596.957
Other private donors	203.102.207	27.256.766	32.265.579	206.499.378
	170.489.180	22.880.025	27.084.551	176.503.315
<b>Total income</b>	<b>675.559.934</b>	<b>90.661.638</b>	<b>107.321.988</b>	<b>692.505.418</b>

## Notes to the Financial Statements

	2018			2017
	DKK	EURO	USD	DKK
<b>Note 2 Development and relief aid</b>				
<b>Development projects</b>				
Europe	98.596	13.232	15.663	3.776.442
Middle East	22.990.466	3.085.371	3.652.352	21.182.040
Asia	61.801.337	8.293.876	9.817.992	55.552.584
Africa	123.241.790	16.539.321	19.578.654	158.407.801
Latin America	0	0	0	90.340
Global	42.959.815	5.765.302	6.824.758	33.194.860
	<b>251.092.004</b>	<b>33.697.102</b>	<b>39.889.419</b>	<b>272.204.067</b>
<b>Relief / humanitarian projects</b>				
Europe	0	0	0	562.954
Middle East	18.992.224	2.548.798	3.017.176	15.996.721
Asia	22.377.264	3.003.078	3.554.936	23.575.143
Africa	122.324.267	16.416.187	19.432.892	130.150.495
Latin America	0	0	0	200.000
Global	11.800.685	1.583.678	1.874.701	9.868.419
	<b>175.494.440</b>	<b>23.551.742</b>	<b>27.879.706</b>	<b>180.353.732</b>
<b>Humanitarian mineaction projects</b>				
Europe	929.541	124.746	147.670	1.175.769
Middle East	77.509.297	10.401.919	12.313.418	63.951.050
Asia	5.850.667	785.172	929.459	9.954.912
Africa	46.632.000	6.258.118	7.408.135	48.268.797
Global	531.763	71.364	84.478	1.763.352
	<b>131.453.268</b>	<b>17.641.319</b>	<b>20.883.160</b>	<b>125.113.880</b>
	<b>558.039.712</b>	<b>74.890.164</b>	<b>88.652.284</b>	<b>577.671.679</b>
<b>Note 3 Learning Lab activities</b>				
Learning Lab activities	5.194.782	697.151	825.263	5.629.531
	<b>5.194.782</b>	<b>697.151</b>	<b>825.263</b>	<b>5.629.531</b>
<b>Note 4 Information and campaigns</b>				
Information activities	16.287.657	2.185.840	2.587.518	11.901.055
Campaigns and fundraising	67.149.942	9.011.671	10.667.692	50.092.048
	<b>83.437.599</b>	<b>11.197.510</b>	<b>13.255.210</b>	<b>61.993.103</b>

## Notes to the Financial Statements

	2018			2017
	DKK	EURO	USD	DKK
<b>Note 5 Administrative expenses</b>				
<b>Staff costs</b>				
Staff costs: insurance, competency development etc.	4.522.850	606.976	718.517	5.487.526
Salaries, pensions, ATP etc.	91.049.338	12.219.023	14.464.440	86.695.605
	<b>95.572.188</b>	<b>12.825.999</b>	<b>15.182.957</b>	<b>92.183.131</b>
<b>Other administrative expenses</b>				
Operating expenses: Rent, telephone, fax, stationery, postage etc.	24.291.949	3.260.033	3.859.110	16.604.750
Depreciation on property, plant and equipment	672.767	90.287	106.878	1.003.215
Board and committees	122.084	16.384	19.395	176.842
Other expenses	442.144	59.337	70.241	796.388
	<b>25.528.944</b>	<b>3.426.041</b>	<b>4.055.624</b>	<b>18.581.195</b>
Country Offices, running costs and expatriates	<b>97.444.150</b>	<b>13.077.220</b>	<b>15.480.344</b>	<b>65.316.441</b>
	<b>218.545.282</b>	<b>29.329.260</b>	<b>34.718.924</b>	<b>176.080.767</b>
Program- and project related costs (moved to relevant activity)	-175.499.337	-23.552.399	-27.880.484	-135.575.388
	<b>43.045.945</b>	<b>5.776.861</b>	<b>6.838.440</b>	<b>40.505.379</b>
<b>Note 6 Financial income</b>				
Towards ongoing development and relief aid activities	463.110	62.150	73.571	181.800
Capital gain on securities	710.602	95.364	112.889	231.794
	<b>1.173.712</b>	<b>157.515</b>	<b>186.460</b>	<b>413.594</b>
<b>Note 7 Financial expenses</b>				
Repayments of interest to Danida etc.	38.617	5.182	6.135	3.478
Capital gain on securities	1.814.334	243.488	288.232	3.266.301
	<b>1.852.951</b>	<b>248.670</b>	<b>294.367</b>	<b>3.269.779</b>
<b>Note 8 Deposits receivable (fixed assets)</b>				
Franking machine, deposit	16.800	2.255	2.669	16.800
Butik Fisk, rent deposit	7.683.030	1.031.080	1.220.555	7.336.915
	<b>7.699.830</b>	<b>1.033.334</b>	<b>1.223.224</b>	<b>7.353.715</b>
<b>Note 9 Other debtors (current assets)</b>				
Travel and other cash advances	179.000	24.022	28.437	347.475
Tax etc. receivable	0	0	0	85.119
Local receivable	4.535.545	608.680	720.534	3.623.227
VAT receivable	116.320	15.610	18.479	39.812
Other receivable	5.106.996	685.370	811.317	2.596.763
	<b>9.937.861</b>	<b>1.333.683</b>	<b>1.578.766</b>	<b>6.692.396</b>



## Notes to the Financial Statements

	2018			2017
	DKK	EURO	USD	DKK
<b>Note 10 Securities</b>				
Bonds	48.674.931	6.532.283	7.732.682	11.795.700
Stocks	260.250	34.926	41.344	217.500
Portfolio administration account	246.689	33.106	39.190	50.752
	<b>49.181.870</b>	<b>6.600.316</b>	<b>7.813.217</b>	<b>12.063.952</b>
<b>Note 11 Cash at bank and in hand</b>				
Cash balance	0	0	0	25.812
Foreign exchange reserves	0	0	0	165.704
Bank deposits	131.380.922	17.631.610	20.871.667	95.933.886
Cash balance, regional offices and HMA offices	34.127.094	4.579.932	5.421.558	18.889.946
	<b>165.508.016</b>	<b>22.211.542</b>	<b>26.293.225</b>	<b>115.015.347</b>
<b>Note 12 Provisions</b>				
Provisions OIKOS (self-liaible guarantee)	1.870.506	251.026	297.156	1.870.506
	<b>1.870.506</b>	<b>251.026</b>	<b>297.156</b>	<b>1.870.506</b>
<b>Note 13 Other debt</b>				
Labor market supplement pension, due (ATP)	198.835	26.684	31.588	186.047
Due Tax	89.970	12.074	14.293	0
Due pension	76.419	10.256	12.140	17.215
Holiday pay obligations	7.141.053	958.345	1.134.454	6.907.269
Provision severance obligations	0	0	0	833.037
Provision loss debtors	491.000	65.893	78.002	0
Homecoming fee expatriate staff	665.846	89.358	105.779	650.043
Prepaid rent & heating	0	0	0	57.750
Other debt	7.224.242	969.509	1.147.670	3.473.052
Other debt local	11.617.464	1.559.089	1.845.594	9.621.756
VAT due	64.019	8.591	10.170	4.560
	<b>27.568.849</b>	<b>3.699.800</b>	<b>4.379.691</b>	<b>21.750.729</b>

## Note 14 Contingencies etc. Contingent assets and liabilities

DanChurchAid has provided guarantees in favour of "Andelskassen OIKOS" (yearly interests ascribes)

Loan no./date for entering loan:	Amount:	Repayment year:
No. 8929706359, 23.6.2009	DKK 300.000	5 (first time 30.12.2013)
No. 8929707967, 8.9.2010	DKK 1.000.000	5 (first time 30.12.2013)
No. 9860-892711565, 26.6.2014	DKK 1.500.000	5
No. 8929711492, 2.5.2014	DKK 833.952	7
No. 8929712782, 16.6.2015	DKK 200.000	3
No. 8929712839, 8.9.2015	DKK 1.623.000	6

An assessment has been made of the total risk at the self-liaible guarantees and there in this connection made a total provision for losses of DKK 1,870,506.

## Note 14 Charges and securities

In security for all balances with Danske Bank a grant of DKK 48,674,931 is charged on securities.