

ANNUAL REPORT 2016

DC DANISH
RC REFUGEE
DC COUNCIL



Name:	The Danish Refugee Council
Address:	Borgergade 10, 1300 Copenhagen K, Denmark
Telephone:	+45 33 73 50 00
Fax:	+45 33 32 84 48
Website:	www.flygtning.dk
E-mail:	drc@drc.dk
CVR no.:	20 69 93 10
Year Founded:	1956
Registered office:	Copenhagen
Executive Committee:	Stig Glent-Madsen (Chairman) Peter Kellermann Brandorff (Deputy Chairman) Ilse Fjalland Birgit Buddegård Bent Lexner Hans-Henrik Lund Henriette Laursen
General Management:	Andreas Kamm , Secretary General Rikke Friis , International Director Anette Christoffersen , Director of Integration Eva Singer , Head of Asylum & Repatriation Jørgen Skieller , Chief Information Officer (CIO) Mads Egeskov Sørensen , Global Head of HR Claes Amundsen , Communications & Fundraising Director Conni Madsen , acting CFO
Protector:	Her Royal Highness Crown Princess Mary of Denmark
Auditors:	Ernst & Young, Osvald Helmuths Vej 4, 2000 Frederiksberg, Denmark
Council annual meeting:	The Annual Council Meeting will be held on 18 May 2017

Cover photo **Danish Refugee Council**

Photos **All rights Danish Refugee Council**

Design **Kiberg & Gormsen**

Print **GSB Grafisk**

CONTENTS

MANAGEMENT'S REVIEW 2016

Organisation details	2
Contents	3
5-year financial highlights	4
Management's review	5
International project aid	6
Integration efforts in Denmark	6
Asylum efforts in Denmark	8
Fundraising	8
Special risks	9

FINANCIAL STATEMENTS 2016

Management statement	10
Independent auditors' report	11
Accounting policies	14
Income statement	18
Balance sheet – assets	19
Balance sheet – equity and liabilities	20
Notes to the financial statements	21

THESE 30 ORGANISATIONS ARE CURRENTLY MEMBERS OF THE DANISH REFUGEE COUNCIL:

ADRA Denmark	Oxfam IBIS
Amnesty International	Save the Children, Denmark
CARE Denmark	Sct. Georgs Gilderne in Denmark
Churches' Integration Service	Sovereign Order of St. John of Jerusalem, Knights Hospitaller
Confederation of Professionals in Denmark	The Confederation of Danish Employers
Council of Danish Artists	The Confederation of Danish Enterprise
DanChurchAid	The Danish Adult Education Association
Danish Authors' Society	The Danish Association of Youth Clubs
Danish People's Aid	The Danish Confederation of Trade Unions
Danish United Nations Association	The Danish Musicians Union
Danish Youth Council	The Danish Union of Teachers
FOA	The Inter-Cultural Christian Centre
HK	The Jewish Community in Denmark
LGBT, Denmark	UNICEF, Denmark
MS ActionAid Denmark	Women's Council in Denmark

5-YEAR FINANCIAL HIGHLIGHTS

DKKm	2016	2015	2014	2013	2012
Collected funds					
Income	115	102	66	63	49
Collected funds utilised	105	75	63	72	57
Net income/expenditure	10	27	3	-9	-8
Own funds					
Income, language centres	424	371	302	288	327
Income, integration etc.	182	150	97	87	96
Other income	29	8	47	6	1
Expenditure, language centres	360	322	245	243	283
Expenditure, integration etc.	189	142	89	81	87
Other expenditure	10	12	39	15	16
Net income/expenditure	76	53	73	42	38
Donated funds					
Income/grants for international project aid utilised	2,049	1,915	1,691	1,719	1,194
Income/grants for other projects, pool funds, etc. utilised	8	11	10	12	10
Government allocations etc.					
Income/utilised, all activities	45	47	39	32	29
Total income	2,852	2,604	2,252	2,208	1,707
Total expenditure	2,766	2,524	2,176	2,175	1,677
Surplus/deficit for the year	86	80	76	33	30
Balance sheet items					
Total assets	1,101	1,019	842	810	613
Equity	495	408	329	253	220
Number of FTEs					
HQ, Copenhagen	263	245	225	197	186
Lærdansk language centres	492	398	324	338	374
Regional employees, Integrationsnet and Frivillignet	299	215	127	132	131
Expats in international projects	460	398	353	283	154
Local staff in international projects	5,355	4,743	4,665	4,300	4,200
DRC Roster expats	102	83	96	76	50
Volunteers in Denmark	8,316	7,129	5,169	5,100	6,400
Administrative expenses (DKK'000)*					
Administrative expenses	144,023	123,284	114,766	104,487	95,953
Capacity-building investments	22,685	27,682	21,650	11,127	10,595
Total	166,708	150,966	136,416	115,614	106,548
Administrative expense ratio	5.8%	5.8%	6.1%	5.2%	6.2%

* The administrative expense ratio is stated as total HQ expenditure plus the year's capacity-building investments relative to total income.

MANAGEMENT'S REVIEW

FINANCIAL REVIEW

More and more displacement crises are unfolding around the world, which, combined with the increasing complexity and severity of these emergencies, is reflected in the Danish Refugee Council's financial statements for 2016. For the first time in our history, we spent more than DKK 2 billion on international relief work, almost double the amount spent in 2012.

Our activities in Denmark have also expanded, as we spent more than DKK 600 million on this work in 2016, with our language centres accounting for the lion's share of income and expenditure.

DRC's programmes continue to instil great confidence in our communities, and we are experiencing increasing demand for our skills and services. As a result, our income grew in almost all areas in 2016. Total income reached a record DKK 2.9 billion, up more than 10% on 2015.

The year closed with a surplus of DKK 86 million and equity of DKK 495 million. Our equity provides the basis for our fi-

ancial independence and ability to develop and implement strategic initiatives. Moreover, working in 40 countries around the world, many of them struggling with both political and financial turbulence, requires an exceptionally solid financial position. We are therefore pleased to note that our Organisation's 2016 solvency ratio was 45%.

On a negative note, the high level of income and expenditure in 2016 reflects a world in which the need for our assistance is growing day by day. We hope that the global community and its major institutions – including the EU and the UN – will show a greater ability to join forces to tackle the massive challenges experienced along escape routes and in the countries where conflicts and social instability are forcing people to flee. Unfortunately, there are no indications at the moment that we at DRC will be less busy in the years ahead.

Below follows a description of DRC's key action areas: International relief work and advocacy efforts for displaced people, integration efforts in Denmark, asylum counselling efforts and fundraising activities.



INTERNATIONAL RELIEF WORK

We spent DKK 2,049 million on international efforts in 2016, an increase of 7% relative to 2015. The increase was driven by the emergencies unfolding around the world. We had to step up efforts in many areas in 2016, while setting up completely new programmes in others.

Our efforts in the Middle East and North Africa account for almost 30% of DRC's total international relief work.

Syria still represents the biggest international displacement crisis in recent history. More than 13.5 million people are in acute need of help, almost 6.3 million are internally displaced, and another 5 million have fled the country. As a consequence, some of DRC's biggest relief programmes are carried out in Syria and its neighbouring countries. In managing these programmes, we are supported by a large number of international donors, including the British Government's Department for International Development (DFID), with which we signed a DKK 206 million contract in 2016.

Our biggest relief programme, with about DKK 250 million spent in 2016, is carried out in Iraq. This amount was greater than expected, which can, among other things, be put down to the Iraqi government's offensives against ISIL in and around Ramadi, Fallujah and Mosul. We received large extraordinary project grants from, among others, Denmark and the USA in 2016, enabling us to reach out to large numbers of beneficiaries.

We commenced operations in Greece towards the end of 2015. The operation was significantly expanded in 2016, supported mainly by EU funding of EUR 11.5 million. During 2016, almost 400,000 new refugees and migrants arrived in Europe, most of them having made the dangerous journey across the Mediterranean. The closing of borders in Europe leaves large numbers of refugees and migrants stranded in Greece and Italy. DRC is offering emergency assistance and protection and is working to make the EU member states meet refugee allocation agreements etc.

In Nigeria, 14 million people are affected by the armed conflict between Boko Haram, the Nigerian army and the multinational Task Force, now in its seventh year. The situation

escalated in 2016 as the conflict intensified dramatically, leading to malnutrition and displacement. In an effort to address this massive displacement and distress, we almost doubled our assistance in Nigeria in 2016. In August, we declared the crisis in north-eastern Nigeria a Corporate Emergency. This exceptional measure means that we mobilise additional capacity, leadership and resources to be able to offer the necessary assistance.

Our efforts in West Africa account for 6% of DRC's total international relief work. Throughout 2016, we continued to phase out our programme activities in Guinea, the Ivory Coast and Liberia. This strategic choice was made because the Ebola outbreak first registered in 2013 is now under control and no longer requires the same degree of attention from the international community. Going forward, efforts will be stepped up in the Sahel region and the Lake Chad area, where, due to huge streams of refugees and large numbers of internally displaced people, intensified efforts are required.

Although the conflict in Afghanistan goes on and continues to carry with it humanitarian consequences, the possibilities for seeking donor funding for this country and its neighbouring region are diminishing. Hotspots in other parts of the world have been given higher political priority and attention. Accordingly, the CASWA region (Central Asia and Southwest Asia) currently accounts for only 4% of DCR's international activities.

Global donors are increasingly making funding available through consortium structures. This means that the work is carried out in partnership with other state and civil society players, which paves the way for more comprehensive, coordinated efforts. DRC is well positioned to participate in consortium partnerships, and we were the lead partner in seven major consortiums in 2016.

INTEGRATION EFFORTS IN DENMARK

In 2016, our integration efforts in Denmark were affected by the growing number of residence permits granted to refugees. This led to a growing number of refugees attending courses at our language centres and seeking the help of



our volunteers. Our integration network, Integrationsnet, also experienced a growing workload. We spent some DKK 600 million on integration efforts in 2016, about 16% more than in the year before.

A total of 22,894 students attended language courses at Lærdansk's 18 language centres across the country - 24% of these were refugees and their families. In 2016, Lærdansk opened a new language centre in Vordingborg and an integrated Danish language instruction and job creation programme, Job & Language, in Kolding.

The Lærdansk centre in Herning also started a Job & Language project offering language training and job creation initiatives for new refugees. All language centres are increasingly offering on-site language training for refugees working as trainees.

Integrationsnet experienced a growing inflow of assignments in the Children & Family area: A total of 263 vulnerable refugee families received special psychosocial assistance in 2016. Residences for unaccompanied minors saw an increasing inflow of residents, and the ten residences operated by Integrationsnet in Copenhagen, Aarhus and Aalborg accommodated a total of 53 minors in 2016. We also stepped up our job creation efforts in 2016, providing guidance and assistance in relation to traineeships and jobs to a total of 1,583 citizens.

A smaller number of refugees were granted residence permits in 2016 than was expected at the end of 2015. This posed a

challenge to Integrationsnet as capacity was therefore significantly overdimensioned, especially in the job creation area.

DRC's CUF centre (centre for vulnerable refugees) maintained a high level of activity in 2016, organising a total of 96 courses and presentations for primarily public-sector employees, twice the number of events held in 2015. Working together with the Danish Union of Teachers, the Danish Trade Union of Public Employees (FOA) and the Danish Union of Early Childhood and Youth Educators (BUPL), CUF also published a number of publications about refugee children.

New foundation grants enabled DRC to expand its Leisure Pool for children and young people and to establish a Mindspring competence centre. DRC also received funding from the Danish Industry Foundation for two job creation projects to be executed in collaboration with a number of municipalities, businesses and trade councils.

DRC submitted 11 consultation responses to new integration regulations in 2016.

VOLUNTARY WORK

At end-2016, DRC had 8,316 volunteers, an increase of 17% relative to 2015. A growing number of volunteers are working as network families, in language centre cafés and in new initiatives such as cooking clubs, job clubs, running clubs, etc.

ASYLUM EFFORTS IN DENMARK

Our asylum work in 2016 was affected by the heavy inflow of asylum seekers arriving in Denmark in 2015, which has resulted in long waiting times for interviews with the immigration authorities and for applications to be processed.

DRC's asylum counsellors therefore faced a huge workload advising the many waiting asylum seekers about their rights, options and expectations in relation to the asylum procedure and offering them legal assistance under the Dublin Regulation. In the first quarter of 2016 alone, we represented 717 asylum seekers in the Dublin procedure, and by the end of the year the number had grown to 1,670. In 2016, we also handled 299 manifestly unfounded cases.

Almost 9,000 individuals made use of our phone and e-mail counselling service. At asylum centres across the country, we held information meetings for a total of 4,184 new refugee arrivals and completed 1,141 one-on-one counselling sessions. In addition, we carried out one-on-one counselling sessions with 287 imprisoned asylum seekers.

In addition to our direct asylum counselling efforts, we prepared three country profiles focused on conditions for Sunni Arabs in Baghdad, conditions for the Bidoon in Kuwait and conditions in Ethiopia. Together with the Danish Immigration Service, we also participated in a fact-finding mission in Nairobi to assess the safety situation in Somalia.

Our counselling service for rejected asylum seekers started counselling sessions with 434 individuals and participated in 173 information meetings at municipal centres to provide information about our services.

REPATRIATION

Some 4,500 individuals approached our Danish repatriation counselling service for advice, and we completed some 850 counselling sessions with refugees and immigrants considering returning to their home country. The number of repatriating individuals was slightly lower in 2016 than in the preceding years: A total of 301 repatriated in 2016.

All of our asylum and repatriation activities are funded by government grants and based on contracts with the immigration authorities.

DRC submitted four consultation responses to new asylum regulations in 2016.

FUNDRAISING

DRC collected some DKK 115 million in 2016, an increase of about 15%, which was, however, primarily driven by foundation grants being included in this amount for the first time ¹.

The fundraising result for 2016 is considered satisfactory. In most areas we managed to sustain the high level generated in 2015, which was an atypical year in many respects: The huge media attention on the refugee flows crossing the Mediterranean and refugees in Denmark engendered overwhelming generosity among the Danish population in the autumn of 2015.

Event-related income decreased in 2016, the main reason being the DKK 17 million contribution from large events in 2015 that were not repeated in 2016.

Private donations were up by some 3.5%.

Raising more than DKK 18 million, the door-to-door collection on 6 November 2016 was once again among the most successful humanitarian collections in Denmark. A total of 15,200 volunteers took to the streets in our door-to-door collection drive covering every single municipality in the country.

The national charity event "Danmarks Indsamling" took place on 6 February. DRC's share of the funds raised was DKK 6.9 million, which was allocated to South Sudan where more than 7,000 individuals were provided with seed corn and vegetable growing instructions with a view to making them self-sufficient.

¹ The collaboration with foundations was previously included under individual operations

SPECIAL FINANCIAL RISKS



DRC's activities are invariably subject to the special conditions applying to international emergency aid and reconstruction work, including the challenges of carrying out activities in areas that lack well-structured organisations and institutions. Appropriated administration funds are limited and do not cover unforeseen expenses arising in connection with international activities. In the areas where DRC operates, there is a potential risk of expenses occurring due to illicit enrichment. Such expenses are covered by DRC's own funds.

A special risk relates to rapid changes to the overall composition of activities, including the total level of activity. This requires flexibility and speedy alignment in relation to contracts, donor terms, personnel and leases.

Political decisions in the refugee and integration area, nationally as well as internationally, may also place increased demands on agility and organisational adjustments.

Due to the Organisation's significant currency exposure from international activities, DRC is highly affected by foreign ex-

change fluctuations and uncertainty regarding banking and transfer conditions in relation to international activities.

A special risk relates to liquidity insofar as donors often hold back last instalments until the financial statements have been approved. Given DRC's level of activity, this often poses a challenge for the Organisation's liquidity.

The past few years have seen a growing trend among local authorities to subject expats to taxation, sometimes even with retrospective effect. It is crucial that donors put pressure on local authorities to exempt the staff of humanitarian organisations from taxation as such costs will ultimately be paid by donors, not the humanitarian organisations.

Management devotes special attention to the above matters and is in continuous dialogue with donors concerning these issues.

DRC's organisational structure allows the Organisation to maintain equity of a size that ensures economic stability.

MANAGEMENT STATEMENT

Today, the Executive Committee and General Management have discussed and approved the annual report of the Danish Refugee Council for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Organisation's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, business procedures and internal

controls have been established to ensure that the transactions covered by the financial statements comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice, and that due financial consideration has been taken of the management of the funds and the operation of the activities comprised by the financial statements.

In our opinion, the Management's review includes a fair review of developments in the Organisation's operations and financial matters and a description of the special risks that the Organisation faces.

We recommend the annual report for adoption by the Council.

Copenhagen, 19 April 2017



Andreas Kamm
Secretary General



Conni Madsen
Acting CFO

The Executive Committee of the Danish Refugee Council



Peter Kellermann Brandorff
Deputy Chairman



Stig Glent-Madsen
Chairman



Bent Lexner



Birgit Buddegård



Hans-Henrik Lund



Ilse Fjalland



Henriette Laursen

INDEPENDENT AUDITOR'S REPORT

TO THE EXECUTIVE COMMITTEE AND THE GENERAL MANAGEMENT OF THE DANISH REFUGEE COUNCIL

OPINION

We have audited the financial statements of the Danish Refugee Council for the financial year 1 January – 31 December 2016, which comprise the income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the organisation's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark and in accordance with generally accepted public accounting practice as the audit is conducted on the basis of the provisions of the instructions on performing audits in connection with the administrative partner organisation's management of subsidised activities in developing countries. 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, Management is responsible for assessing the 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 International Standards on Auditing and additional requirements applicable in Denmark as well as generally accepted public accounting practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and additional requirements applicable in Denmark as well as generally accepted public accounting practice, 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 or 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

STATEMENT ON COMPLIANCE AND PERFORMANCE AUDIT

Management is responsible for ensuring that the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice and that due financial consideration has been taken of the management of the funds and the operation of the activities comprised by the financial statements.

In connection with our audit of the financial statements, our responsibility is in accordance with generally accepted public accounting practice to select relevant subjects for

the compliance audit and the performance audit, respectively. In a compliance audit, we verify with reasonable assurance whether the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice. In a performance audit, we assess with reasonable assurance whether the examined systems, processes or transactions support due financial consideration of the management of the funds and the operation of the activities comprised by the financial statements.

If, on the basis of the work performed, we conclude that this gives rise to material critical comments, we are required to report thereon.

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

Copenhagen, 19 April 2017

Ernst & Young | Godkendt Revisionspartnerselskab | CVR no. 30 70 02 28

Eskild Jakobsen

State Authorised Public Accountant

Alex Petersen

State Authorised Public Accountant



ACCOUNTING POLICIES

The annual report of the Danish Refugee Council for 2016 has been prepared in accordance with the requirements laid down in the by-laws and the provisions applying to reporting class A entities under the Danish Financial Statements Act subject to such adjustments as follow from the Organisation's special circumstances.

CHANGES IN ACCOUNTING POLICIES

In order to highlight the greater inflow of foundation grants visible, the practice of including foundation grants under Donated funds has been changed as from 2016. Accordingly, foundation income received and utilised is now recognised under Collected funds at the time of receipt and the time of use, respectively. Foundation income used during the year is transferred to restricted equity in connection with the appropriation of the surplus or deficit for the year. The change has increased the surplus for 2016 by DKK 1.1 million. The change would have reduced the surplus for 2015 by DKK 3.2 million. The comparative figures for 2015 have not been restated to reflect the change.

In addition, equity is no longer divided into Own funds and International funds, but is presented as Free equity. Free equity is divided into Unrestricted and Restricted funds. Similarly, Other payables have been partially reclassified into cash and cash equivalents, payables and provisions. The comparative figures for 2015 have been restated to reflect these reclassifications.

GENERAL

ASSETS AND LIABILITIES

Assets are values owned by DCR or amounts owed to the Organisation, including cash, bank deposits, tools and equipment, IT equipment, etc. Amounts owed to the Organisation are typically trade receivables or other receivables that will be received after the balance sheet date. Amounts owed to the Organisation also include firm commitments of a grant or an inheritance that are made by a third party before the balance sheet date but will not be received until after the balance sheet date, as well as expenses paid before the balance sheet date that relate to the period after the balance sheet date, such as rent, insurance premiums, subscriptions, etc.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Organisation and the value of each asset can be reliably measured.

Liabilities are amounts owed to others for goods or services that have been received before the balance sheet date but will not be paid until after the balance sheet date. ATP contributions, A tax, etc. withheld from wages and salaries are also included in liabilities, as is the value of services that DRC is under an obligation to provide to third parties at the balance sheet date. Such obligations may be to deliver certain services that have not been rendered at the balance sheet date in return for consideration received before the balance sheet date.



Liabilities are recognised in the balance sheet when the Organisation has a legal or a constructive obligation, and it is probable that future economic benefits that can be reliably measured will flow from the Organisation.

INCOME AND EXPENSES

Income is amounts adding to the Organisation's equity, such as grants from public authorities and private organisations, donations, sales of services, membership fees, interest on bank deposits, etc.

Expenses are amounts spent by the Organisation, such as wages and salaries, rent, stationery and office supplies, interest expenses, etc. Expenses also include annual depreciation of the Organisation's property, plant and equipment, the value of which decreases over time.

Income is recognised in the income statement as earned, while expenses are recognised at the amounts that relate to the financial year.

INCOME STATEMENT

Income and expenses

The income statement is divided into four main categories – Collected funds, Own funds, Donated funds and Government allocations.

Collected funds are recognised in the income statement when the fundraising result is available. Expenses are recognised at the time of use. Expenditure relating to completed national collection campaigns is recognised in the collection year.

Own funds are divided into integration funds, covering income and expenses relating to integration activities, and Other own funds, covering income and expenses relating to international projects, membership fees from member organisations and financial income and expenses. Both categories of income and expenses are recognised as the activities are performed.

Donated funds are recognised as income when utilised. Any additional project expenditure is recognised as Other own funds utilised. Income and expenditure for the year relating to project assistance will always be equal in size, as any additional expenditure will be covered by own funds.

Government allocations are recognised as income when utilised. Income and expenditure for the year will always be equal in size, as any additional expenditure will be covered by own funds.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income and expenses and realised and unrealised foreign exchange gains and losses. Gains and losses on forward transactions are also included in this item. Financial income and expenses are included in the four main categories of the income statement.

Transactions denominated in foreign currencies are translated using the average monthly exchange rates fixed by Danmarks Nationalbank (the Danish central bank) in the previous month. For currencies not comprised by the rates fixed by Danmarks Nationalbank, the monthly rates fixed by the EU are used. Only donors with project-specific requirements in respect of exchange rates are exempt from this policy.

Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under Own funds.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the average monthly exchange rates fixed by Danmarks Nationalbank. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the date when the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement under Own funds.

Non-current assets acquired in foreign currencies are measured at the exchange rates prevailing at the transaction date.

BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

Compounds and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price, any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use.

The basis of depreciation is cost plus revaluations and less the expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Compounds	3-5 years
Leasehold improvements	3-5 years
Cars	2-4 years
Tools and equipment and IT	2-4 years

Depreciation is recognised in the income statement under Own funds. Acquisitions with a cost of less than DKK 50,000 are expensed in the year of acquisition. All acquisitions financed by Collected funds are recognised as an expense at the time of use. Property, plant and equipment is written down to the lower of the recoverable amount and the carrying amount.

INTERNATIONAL PROJECT AID

Donated funds received before the time of use are recognised in the balance sheet under current liabilities. Donated funds utilised but not received at the time of use are recognised under receivables.

RECEIVABLES

Trade receivables are measured at amortised cost, which usually corresponds to the nominal value, less provisions for bad debts.

PREPAYMENTS

Prepayments comprise expenses incurred relating to subsequent financial years. Prepayments are measured at cost.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank deposits in Denmark and abroad.

EQUITY

The free equity comprises retained earnings from previous years. Free equity is divided into unrestricted and restricted funds. Restricted funds comprise DRC's relief pool, funds designated for special strategic purposes which at the end of the financial year have been released for use in the subsequent financial year as well as recognised and earmarked funds from fundraising efforts and foundations which have not yet been used.

PROVISIONS

Provisions comprise expected expenses relating to the discontinuance of activities. Provisions are recognised when, as a result of past events, the Organisation has a legal or a constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value.

DEFERRED INCOME

Deferred income comprises payments received concerning income in subsequent financial years.

OTHER LIABILITIES

Other liabilities are measured at net realisable value.



INCOME STATEMENT 1 JANUARY - 31 DECEMBER

Note		2016 DKK'000	2015 DKK'000
1	Collected funds		
	Received	115,664	101,702
	Used	105,119	74,871
	Net collected funds	10,545	26,831
2	Own funds		
	Received	635,089	548,817
	Used	559,260	495,990
	Net own funds	75,829	52,827
3	Donated funds		
	Received	2,057,338	1,925,734
	Used	2,057,338	1,925,734
	Net donated funds	0	0
4	Government allocations etc.		
	Received	44,515	47,090
	Used	44,515	47,090
	Net government allocations etc.	0	0
	SURPLUS/DEFICIT FOR THE YEAR	86,374	79,658
	Total income	2,852,606	2,604,095
	Total expenditure	-2,766,232	-2,524,437
	Surplus/deficit for the year	86,374	79,658

The surplus for the year is transferred to equity as follows:

Unrestricted funds	45,765	59,571
Changes in restricted funds		
Net relief pool	-7,000	4,300
Designated for various activities	29,875	15,787
Designated for strategic measures	17,734	-
Total	40,609	20,087
Total appropriation of surplus	86,374	79,658

BALANCE SHEET AT 31 DECEMBER

Note	2016 DKK'000	2015 DKK'000
ASSETS		
<hr/>		
5	Property, plant and equipment	
	Compounds	0 666
	Leasehold improvements	3,771 -
	Cars	1,628 2,066
	Tools and equipment and IT	313 26
	Total property, plant and equipment	5,712 2,758
	<hr/>	
	Total non-current assets	5,712 2,758
	<hr/>	
	Current assets	
	Receivables	
3	International project aid	289,942 351,331
3	Other project aid	2,506 2,157
	Trade receivables	100,358 96,047
	Other receivables	41,228 40,095
	Prepayments	1,654 4,818
	Total receivables	435,688 494,448
	<hr/>	
6	Cash and cash equivalents	659,461 521,846
	<hr/>	
	Total current assets	1,095,149 1,016,294
	<hr/>	
	TOTAL ASSETS	1,100,861 1,019,052
	<hr/>	

BALANCE SHEET AT 31 DECEMBER

Note	2016 DKK'000	2015 DKK'000
EQUITY AND LIABILITIES		
Equity		
	439,161	393,396
	55,609	15,000
7	494,770	408,396
Provisions		
8	44,345	50,967
Current liabilities		
	26,517	39,656
3	444,864	418,255
3	1,191	6,965
4	664	-
9	88,510	88,593
	-	6,220
	561,746	559,689
TOTAL EQUITY AND LIABILITIES		
	1,100,861	1,019,052

Note 10 Other liabilities

Note 11 Payroll costs

Note 12 Related parties

NOTE 1

	2016	2015
	DKK'000	DKK'000
Collected funds		
Private donations	44,047	42,550
Donations from private firms	2,668	1,985
Other events*	10,418	29,456
Annual national collection	18,421	21,644
Foundations	33,725	-
Lottery funds**	6,232	6,017
Other collected funds	153	50
Total income	115,664	101,702
Collected funds utilised		
Collection-related expenditure	26,686	25,203
Lottery funds utilised**	6,017	5,442
Utilised for international activities	69,280	44,213
Utilised for national activities	3,136	13
Collected funds utilised	105,119	74,871
Net collected funds	10,545	26,831

* Funds from the national charity event "Danmarks Indsamling 2016" total DKK 6.9 million, of which DKK 6.5 million has been transferred to the project "Plant Hope! Improved food security for refugees in South Sudan". DRC's administrative expenses in relation to the project amount to DKK 0.4 million. A total of DKK 2.7 million was spent on this project in 2016, leaving DKK 3.8 million to be spent in 2017.

** The DKK 6 million grant received in 2015 has been utilised in accordance with the Organisation's objects. The funds have been allocated to national advocacy projects and projects to promote voluntary social activities. The DKK 6.2 million grant received in 2016 has been transferred for use in 2017.

NOTE 2

	2016 DKK'000	2015 DKK'000
Own funds		
Integrationsnet		
Sales of consultancy services	146,381	119,357
Interpreting services etc.	35,740	30,594
Total income	182,121	149,951
Wages and salaries	137,690	103,413
Other external expenditure	51,023	38,927
Total expenditure	188,713	142,340
Net income/expenditure	-6,592	7,611
Lærdansk, language centre activities		
Income from local authorities	382,471	335,508
Teaching services sold etc.	41,544	35,134
Total income	424,015	370,642
Wages and salaries	257,030	207,962
Other external expenditure	103,147	113,878
Total expenditure	360,177	321,840
Net income/expenditure	63,838	48,802
Pools		
Relief pool	8,103	6,744
Total expenditure	8,103	6,744
Net income/expenditure	-8,103	-6,744
Other own funds		
Membership fees, member organisations	314	302
Net financial income	28,639	8,674
Total income	28,953	8,976
Other expenditure (net)	2,267	5,818
Total expenditure	2,267	5,818
Net income/expenditure	26,686	3,158
Own funds, total income	635,089	529,569
Own funds, total expenditure	559,260	476,742
Net own funds	75,829	52,827

NOTE 3

	2016 DKK'000		2015 DKK'000	
	International projects	Other project grants and pool funds	International projects	Other project grants and pool funds
Donated funds				
Carrying amount at 1 January	-66,924	-4,808	-65,850	-2,060
Correction, prior years	7,120	5,051	-	-
Grants received	-2,204,924	-6,789	-1,914,754	-13,812
Total	-2,264,728	-6,546	-1,980,604	-15,872
Grants utilised	2,049,477	7,861	1,914,670	11,064
Net movement, outlays	-1,497	-	2,401	-
Grants returned, completed projects	31,725	-	31,404	-
Net provision, value adjustment	30,101	-	-34,795	-
Carrying amount at 31 December	-154,922	1,315	-66,924	-4,808
The carrying amount of international and other project funds and pool funds is stated in the balance sheet as follows:				
Receivables	289,942	2,506	351,331	2,157
Payables, unexpended grants	444,864	1,191	418,255	6,965
Carrying amount at 31 December	-154,922	1,315	-66,924	-4,808
Donated funds received *				
International projects	2,049,477		1,914,670	
Other project grants and pool funds	7,861		11,064	
Total donated funds received	2,057,338		1,925,734	
Donated funds utilised				
International projects	2,049,477		1,914,670	
Other project grants and pool funds	7,861		11,064	
Total donated funds utilised	2,057,338		1,925,734	

* See specification on page 24

NOTE 3 GRANTS UTILISED BY DONOR, COUNTRY AND REGION

REGION/COUNTRY/DONOR	DANDA	DFID	ECHO	EU	MFA5	OCHA	Sida	UN	UNDP	UNHCR	UNICEF	USG	WFP	OTHER	Total
AFRICA & YEMEN	109,424	18,548	108,545	69,369	6,083	24,153	27,699	1,472	27,795	226,087	34,565	90,532	18,660	103,170	866,101
Algeria	2,057	6,196	2,276	29,080	4,516		118	325	3,915	1,405	5,607	349	-398	56	3,737
Burkina Faso	7,671		7,671	16,120						1,960	2,858	16,308		39	17,682
Central African Republic	-136		2,107	156				290		-293	338	103		691	82,208
Djibouti	-108		5,042	1,420						982	14			4,088	4,558
DR Congo	9,301		9,743	89	221	4,991				12,348	464	3,286		2,963	10,564
Ethiopia	951		1,607	12,167						8,108	-54	3,070		-104	17,681
Guinea	2,675		2,115	-7						50,939	487	2,988	801	-104	17,064
Ivory Coast	6,123	531	-175	632			1,993	301		5,290		5,290	1,218	8,014	74,466
Kenya	2,586		2,279	14,641				72		-140		2		2,008	21,376
Liberia	12,010		8,816	4,820	1,772					-47	727	349	-19	5,027	28,706
Mali	389		4,820	334							332	7,229	3,019	8,115	15,067
Niger	4,163	3,405	11,008	73	395							5,641	919	3,484	22,028
Regional office Hoay	946														946
Regional office West Africa	14,571	4,056	11,667	1,497	-17	8,810	21,253	-30	26,938	11,527	37,461	-204		36,862	174,389
Somalia	19,907		3,306	-20	9		1,147	-11	16,819	55,250	430	8,458		13,872	13,872
Somalia, Puntland	6,117		1,928	944			3,588		3,442	156		-2		1,813	1,147
Somalia, Somaliland	20,083	2,716	13,658	3,225						14,618		1,709		-1	16,435
South Sudan	5,861	1,645	3,225	5,776	-711			495		44,034	2,993	5,675		22	32,942
Tanzania	2,586		-81	2,586	-103				3,649	9,829	8,843	6,002		4,827	88,042
Uganda	29,372		47,288	6,720	10,352	246	12,275	4,135	2,717	18,282	6,142	8,429		15,910	62,590
Yemen	21,024		25,292	6,111		396	10,707	488	2,717	10,834		4,816		7,425	151,606
ASIA														104	104
Afghanistan	4,883		22,335	986		-150	1,568	3,302	7,448	6,145	2,622	410		6,941	56,080
Bangladesh	3,466		-339	-6					-5					1,426	4,548
Cambodia				-371				345		6	-3	581		51	611
Myanmar								671		60,512	15,010	41,061		52	73,807
Pakistan								157		6,343	3,420	1,218		4,048	25,323
Tajikistan	7,860	30,692	116,074	54,220	11,112		-2,339	157		24,099	3,420	329		13,455	103,449
Georgia	972		62,475	7,965		2,131				4,054				5,899	16,324
Greece														1,882	7,010
Kosovo				339										339	339
Macedonia														68	2,764
Montenegro														4,703	62,572
Russia, Chechnya	1,063		10,877	24,285	4,670			514		13,284	3,176	16,824		754	78,162
Serbia	6,093	4,718	34,315	10,454						9,426	6,033	22,691		1,663	73,807
Turkey	6	25,974	7,332	25,680						3,306	2,381	11,154		754	73,807
Ukraine	38,613	112,661	107,286	38,094	25,680	13,635	8,622	6,823	8,734	72,412	29,601	97,679		1,159	567,067
MIDDLE EAST															
Iran	1,613	416	12	845	11,433					49,383	8,342	47,042		4,233	234,425
Iraq	12,584		66,489	21,740	9,395	12,643	7,900	6,555	8,600	49,383	8,342	47,042		4,233	234,425
Jordan	5,033		15,882	4,655	3,151	102				18,266	19,879	16,197		2,919	59,981
Lebanon	9,510	52,111	6,963	7,555	1,701	890		268	134		1,380	876		5,744	136,848
Libya	14,827		4,455	1,300			819			-52		57		255	36,062
Regional office MENA	3,278		374	1,300										5,208	5,208
Syria	6,595	44,933	13,486				-97			4,815		22,410		-10,820	81,323
OTHER															
Colombia				728										118	7,979
Other														7,861	7,861
ROSTER & HQ	23,819	5,000	2,065	2,353	302	199	997	1,184	49,150	53	2,674	2,400	2,400	4,186	94,381
Africa & Yemen														18,055	18,055
Asia														971	971
Denmark	6,194		2,065							327		644		3,301	11,561
Europe										2		565		3,167	3,167
Middle East										265		28		5,436	5,436
Roster & HQ	12,990	5,000					199	-27	7	19,062	53	218	173	416	38,091
Switzerland	4,635							319	1,161	5,374		2,455		468	14,414
Tunisia				2,353	302										2,655
TOTAL	209,089	166,901	381,258	169,484	43,178	38,034	48,587	14,098	40,430	426,443	85,371	240,375	29,126	157,103	2,057,338

NOTE 4

	2016 Allocation (DKK'000)	2016 Grants (DKK'000)	2016 Expenditure (DKK'000)	2015 Expenditure (DKK'000)
Government allocations etc.				
Secretariat work and General Secretariat	4,000	4,000	4,000	4,100
Grants for volunteer work	10,419	10,419	10,419	10,482
Grants from local authorities, own contributions, etc.	896	896	888	735
Grants for asylum counselling, documentation, etc.	13,376	14,192	13,536	14,693
Asylum counselling services	9,200	8,720	8,720	8,751
Grants for quota work, travel planning, etc.	500	1,788	1,788	3,829
Repatriation work	3,400	3,400	3,400	3,400
Center for Udsatte Flygtninge	1,100	1,100	1,100	1,100
Total government allocations etc.	42,891	44,515	43,851	47,090
The carrying amount of government allocations etc. is stated in the balance sheet as follows				
Receivables			-	-
Payables, unexpended grants			664	-
Government allocations etc. received			44,515	47,090
Government allocations etc. utilised and returned			44,515	47,090
Net income/expenditure			0	0

All numbers in DKK'000 equipment	Compounds	Leasehold improvements	Cars	Tools and and IT
Property, plant and equipment				
Cost				
Carrying amount at 1 January	3,265	-	9,303	2,290
Additions	-	5,027	1,051	431
Disposals	-	-	680	38
Carrying amount at 31 December	3,265	5,027	9,674	2,683
Depreciation and impairment				
Carrying amount at 1 January	2,599	-	7,237	2,264
Depreciation and impairment	666	1,256	1,324	144
Depreciation and impairment, disposals	-	-	515	38
Carrying amount at 31 December	3,265	1,256	8,046	2,370
Carrying amount at 31 December 2016	-	3,771	1,628	313

NOTE 6

Cash and cash equivalents	2016	2015
HQ	438,728	267,420
Cash and cash equivalents in Denmark	60,729	77,693
Cash and cash equivalents outside Denmark	160,004	176,733
Total cash and cash equivalents	659,461	521,846

NOTE 7

Equity		Unrestricted funds	Total unre- stricted funds	
Balance at 1 January		393,396	393,396	
Surplus for the year		45,765	45,765	
Balance at 31 December		439,161	439,161	
Restricted funds	Relief pool	Strategic measures	Other measures	Total restricted funds
Balance at 1 January	15,000	-	-	15,000
Transferred	1,103	17,734	29,875	48,712
Utilised	-8,103	-	-	-8,103
Balance at 31 December	8,000	17,734	29,875	55,609
		Total unrestricted funds	Total restricted funds	Total equity
Balance at 1 January		393,396	15,000	408,396
Surplus for the year/net transfer		45,765	40,609	86,374
Balance at 31 December		439,161	55,609	494,770

NOTE 8

	2016 DKK'000	2015 DKK'000
Provisions		
International termination liabilities etc.	3,810	11,378
International projects	19,655	17,977
Other	20,880	21,612
Total provisions	44,345	50,967

NOTE 9**Other payables**

Holiday pay	69,515	67,985
Other	18,995	20,608
Total other payables	88,510	88,593

NOTE 10**Other liabilities**

Operating leases concerning copiers etc. (36 months)	5,099	3,800
Rent commitments in Denmark	40,941	56,885
Guarantee commitments	8,439	8,100

NOTE 11**Payroll costs**

Wages and salaries	462,085	326,500
Wages and salaries, local project staff abroad	419,855	322,289
Wages and salaries, Lærdansk/language centres	222,823	171,038
Change in provision for holiday pay obligation	1,530	18,744
Total wages and salaries	1,106,293	838,571
Pensions	68,963	53,837
Social security costs	6,890	5,899
Total	1,182,146	898,307
Number of FTEs, Denmark and expats	1,616	1,339
Number of FTEs, local project staff abroad	5,355	4,743

NOTE 12**Related parties**

The Danish Refugee Council is a confederation of non-partisan, voluntary national and international humanitarian organisations.

Related parties are the Executive Committee and the Organisational Management. Members of the Organisational Management receive a fixed remuneration (employment terms according to the Danish Salaried Employees Act).

Members of the Executive Committee receive no remuneration.

