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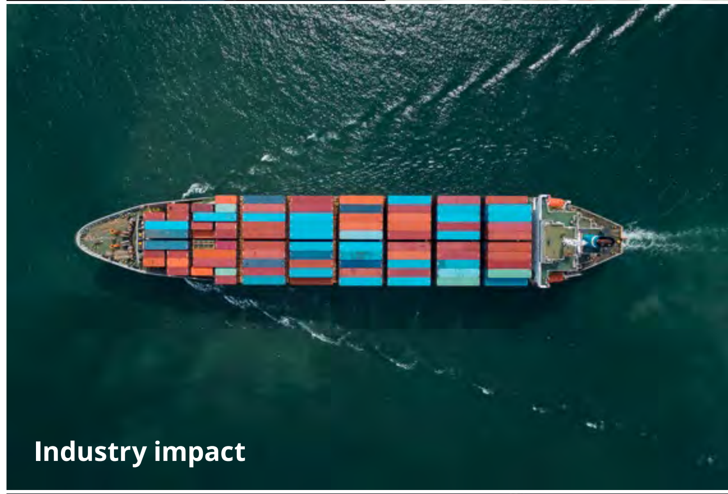
Client impact


Industry impact


People impact

Management commentary

Doing well by doing good

By Anders Vad Dons, CEO and partner

We face a changing world with increasing uncertainty due to social, economic and geopolitical unrest. At the same time, businesses are expected to do more than make a profit. Citizens and regulators support businesses that make a true commitment to exerting a positive impact with their core activities. Businesses that do well by doing good are able to balance long-term sustainable growth with profits. It supports their license to operate and unlocks new opportunities. This is as true for Deloitte as for any other business – and we are here to help our clients seize those opportunities.

One of the trends affecting our business is the UN's Sustainable Development Goals (SDGs). As a 'strategy for the world', the SDGs represent a consensus-driven framework to help address the major social, environmental and economic problems facing humanity. The magnitude of these challenges requires everyone to become involved. As the primary employer, user and generator of capital and as investors in research and development, businesses need to step forward – not only through CSR, but also through their core business.

Deloitte is heavily engaged in this agenda and is the only professional services firm to make it to Fortune's top 50 'do good list'. This is because the SDGs are aligned with our purpose to make an impact that matters for our clients, our people and for society. With 312,000 people across the world, I believe we can make a real difference if we keep channelling the combined strength of our people into helping others succeed.

Sustainable growth, quality and innovation are key to client impact

Besides sustainable growth, quality, innovation, and business transformation characterise much of our client work and engagement. We continue to invest in new services, while delivering high quality and helping businesses shape the future.

Quality will always be the essence of our business. And quality is not only a matter of investing in the right technologies and processes – it is also about investing in the development of our culture and people. Quality also means showing transparency about audits and our profession to build trust in capital markets.

While we continuously go to market as One Deloitte, we draw on the strengths of our five business areas: Audit & Assurance, Consulting, Tax & Legal, Financial Advisory and Risk Advisory.

Annual report 2018/19 | **Management commentary**

"I believe we have a great opportunity to contribute. With our broad skill set, our deep and diverse knowledge and strong client relationships across industries, sectors and businesses, we can be a catalyst for a new path. We can help facilitate the transformation into a more sustainable future."

Our **Audit & Assurance** business meets an increasing need to predict and prepare our clients for the future. At the same time, the expectations of higher ethical standards continue to affect how we run our business and serve our clients. Quality and trust are more important values than ever before, and we are pleased that we – once again – received the regulators' quality approval. Digitalisation is one of our key priorities. This has resulted in the development of new tools that enhance quality, client collaboration, automate processes, and deliver new insights through audit analytics.

Our **Consulting** business is growing as we continue to transform our business while helping transform the business of our clients. We invest in new technologies, such as blockchain, AI and Internet of Things. These are technologies that we bring to our clients together with an ecosystem of partnerships, including Apple, Salesforce, SAP and McLaren. Consulting also focuses on strategy advisory services, and the acquisition of Struensee & Co. has proved to be a strong match in meeting the needs of our public sector clients, while maintaining our no. 1 position in the Danish public sector.

Tax & Legal is also affected by the geopolitical and economic landscape, with increased scrutiny on companies operating on a global scale. While this business continues to grow, we focus on only serving clients that act according to the highest ethical standards and aim for sustainable growth. Tax & Legal continues to develop services within Tax Management Consulting, digital services and alternative delivery models. Once again, we were awarded 'Tax Firm of the Year'.

3rd best place to work in Denmark

10% growth compared to last year

Deloitte is the no. 1 audit and advisory firm in Denmark

In **Financial Advisory**, we had another strong year, with focus on growth and expansion. We hired experienced new partners and continued to build on our Nordic financial services hub as well as our forensic crime unit.

Risk Advisory continues to be one of our fastest growing businesses and leads with cyber innovation and services, as well as help companies comply with regulatory requirements. In view of the increasing number of cyber attacks against large corporations and the public sector, cyber is an area in which we constantly work to outsmart the hackers. Risk Advisory continues to build multiple new services at high speed and with high growth.

Innovation is at the core of our existence, and when we celebrate our 175th year anniversary next year, this is because

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Deloitte has been able to build trust, innovate, and transform the market through four industrial revolutions. We intend to keep leading with innovation, to ensure our relevance and that we add value for our clients and the markets in which we operate.

People create impact across the world

More than 2,800 people in Deloitte Denmark make a huge impact for our clients and each other every day, while developing the market and challenging the status quo. On a global scale, we are proud to have 312,000 dedicated colleagues to deliver client experiences.

While our brand is global by nature, we are a partner-driven firm with a high degree of autonomy in each country. The sense of partnership continues to be instrumental to who we are. This year, we have strengthened our global integration even further – in 2016, we came together with the rest of the Nordic countries as one member firm; in 2017, we came together as one North-West European firm; and this year, we will join forces with Southern Europe to form the North and South European firm. In just four years, we have gone from 57 member firms to 17. This consolidation as a partner-driven firm bears testimony to how our committed people are embracing change, yet the integration also benefits our clients, who we can serve even better across the world. Examples include Maersk, Volvo, Novo Nordisk and Microsoft.

We also saw the effects of our Leading Performance, Work Agility, and Happy Parents initiatives, providing greater flexibility for people to take time out, to work less in some periods of their lives and to accommodate a better work-life balance. We still rank as #3 on Universum's best-place-to-work list for business students and made it to the top 10 among IT students.

Societal impact on a local and global scale

Apart from helping our clients integrate the SDGs into their business models and innovation, we completed the first round of the SDG Accelerator programme with UNDP, to help SMEs incorporate the SDGs into new innovation and partnerships. The result is 13 new products and services that not only have a viable business model, but also contribute to a new path.

Another highlight this year is Small Great Nation – our collaboration with the think tank Kraka to provide insights and facilitate a fact-based discussion around Denmark's strongholds, opportunities and challenges. Through analyses, events and podcasts we have engaged CEOs, ministers and ambassadors across the country in a discussion about Denmark's future.

We continue to be engaged with the world's biggest innovation lab – UNLEASH – that will take place in Shenzhen in 2019. The initiative supports WorldClass – Deloitte's global commitment to create an impact for 50 million futures by 2030 by empowering them through education, skills development, and access to opportunity.

"I am proud to be part of this team that continues to put diversity and inclusion first; that is committed to succeed with the gender agenda by getting more women into leadership positions; and that provides a learning culture where it is acceptable to fail."

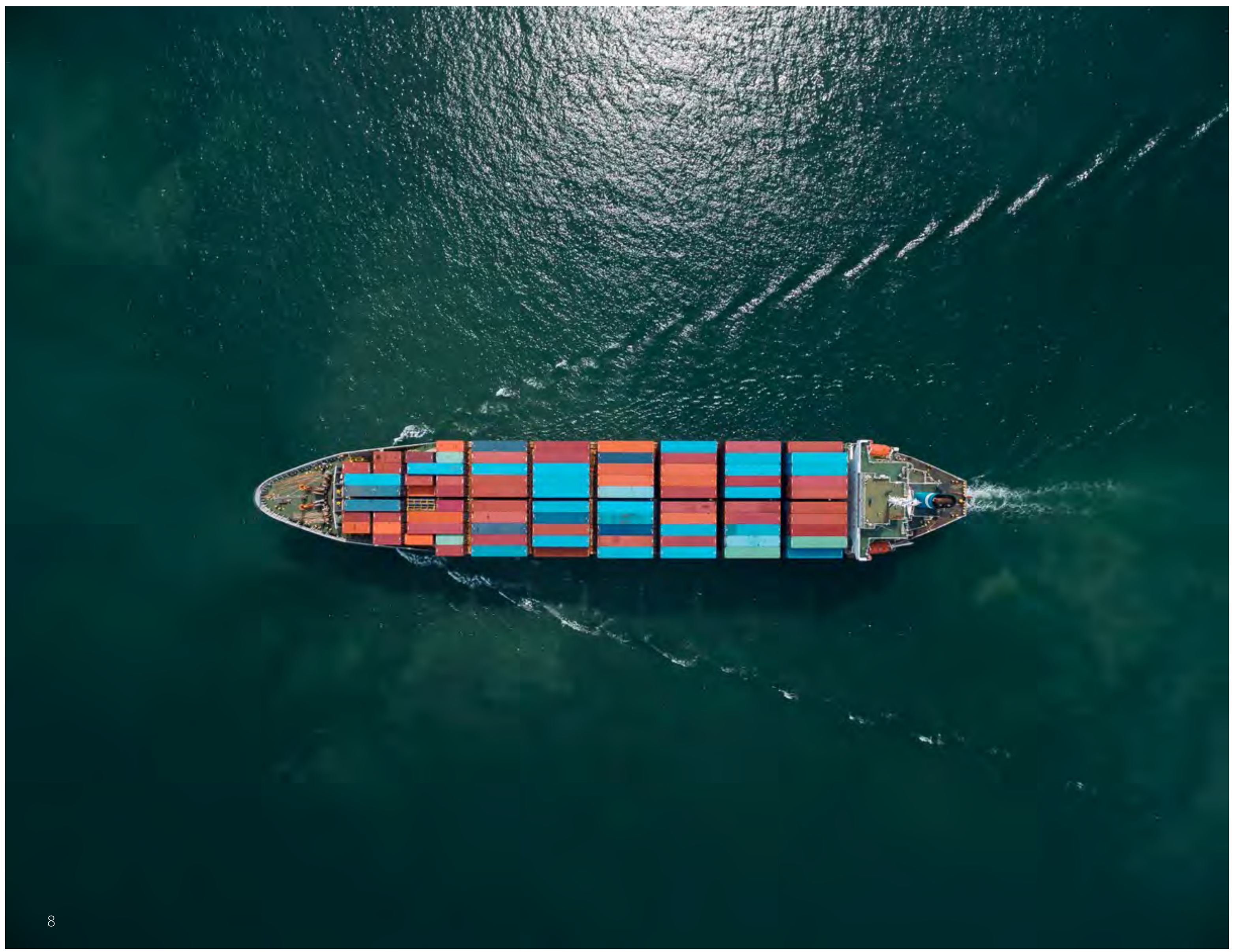
With our strong focus on impact, I am proud that we – for the fifth consecutive year – are able to demonstrate financial growth. Our revenue amounts to DKK 3.7 billion, with a 10% organic growth compared to last year. The growth in revenue on clients with headquater in Denmark goes far beyond the revenue growth in Denmark, and the exploitation of competencies from other member firms have increased significantly.

This year is characterized by sustainability, trust, quality and innovation. I believe that if we keep those themes at the heart of how we engage with our clients, people and society and let our actions be guided by our values, we will remain the leading audit and advisory firm in Denmark and globally. To continue this journey, we must hold each other accountable for delivering on our purpose and ensure that it is reflected in new initiatives and daily decisions. This will allow us to grow and transform our business, while building our brand.

"I am impressed that we continue to grow and transform our business, while building our brand - all at the same time."

Industry impact

The shipping industry unites to embrace the digital age



Every day, we rely on products that are carried by container ships. With the industry crucial to global trade, imagine the repercussions if it came under threat.

Fiercely competitive, container shipping has big-name operators that are recognised the world over. However, investment in digitisation and the need to replace outdated IT systems to bring shipping on par with other industries that have seen significant innovation have impacted the industry's profitability.

The world's trade engine needed a joint effort to help them chart a safer course. Given our connections to several major shipping lines, we took the matter into our own hands.

Steering a sea change

We approached industry leaders who, together, account for more than half of the world's container market. In May 2018, they met for the first time in Singapore.

"The companies were aware that the challenges were beyond the power of one company to address, but they didn't really talk to one another," explains Deloitte Denmark consultant Philipp Schwörer. "Trying to get them to work together was a risk, but the pressure they were under could have threatened their existence."

"For the first time in 20 years, the container shipping industry has come together with a common goal to move the industry into the digital era."

André Simha, CIO, Mediterranean Shipping Company, and DCSA Supervisory Board Chairman

It was a successful meeting and soon the Digital Container Shipping Association

"The container shipping industry is an essential part of world trade. Yet in spite of its impact to the world economy, digitisation is still relatively modest in an industry where physical paper flows and manual labor processes are common. Five of the world's largest container carriers created Digital Container Shipping Association (DCSA) with an aim to fast-track digitisation in the container shipping industry. Deloitte played a crucial role in the establishment of DCSA by safeguarding neutrality, fostering collaboration and challenging the industry players on both strategy and technology."

Thomas Bagge, CEO and Managing Director of the Digital Container Shipping Association

(DCSA) was established by five of the world's largest operators – Maersk, Hapag-Lloyd, Mediterranean Shipping Company, CMA CGM and Ocean Network Express. Announced in November 2018, it received regulatory approval from the Federal Maritime Commission five months later and officially formed in Amsterdam in April 2019.

Neutral and not-for-profit, the DCSA's aims include bringing the industry into the digital age and standardising processes. All ocean carriers are invited to join and, just weeks after the launch, several were keen to come onboard. In June 2019, the DCSA announced four additional members, increasing the market representation to over 70%.

Philipp, who has been responsible for the operational and legal aspects of setting up the association, continues: "90% of world trade is carried by sea. Inefficiencies in container shipping impact every business and everyone."

"The whole process of shipping can vary between companies. There are IT interfaces that don't talk to each other and paper-based processes that aren't efficient. Standards developed by the DCSA allow the companies to develop solutions that work for the entire industry. This could have huge effects on profitability and make trade cheaper and more effective."

A global response

A project this size called for skills from across Consulting, Risk Advisory and Tax & Legal.

However, bringing together worldwide expertise – four member firms and eight nationalities – and fierce competitors weren't the only challenges. The association's formation also had to be approved by antitrust authorities in the United States.

Philipp continues: "There was a time when nobody thought we would be able to establish this association. It is one of those projects you'll look back on in 20 or 30 years and say: I am proud to have been involved."

"We've helped the shipping industry take their fate back into their own hands. It shows the impact we can make when we think big."

DIGITAL CONTAINER SHIPPING ASSOCIATION

Established by Maersk, Hapag-Lloyd, Mediterranean Shipping Company, CMA CGM and Ocean Network Express.

Celebrating excellence in Danish companies

Introducing the Best Managed Companies programme

Best Managed Companies is a programme that recognises the overall success of strong private owned companies based on strategic direction, ability to execute, corporate culture and financial performance.

The programme was launched in Denmark in 2019, where Deloitte awarded eight Danish companies the title of Best Managed Company. The recognition was given to the management for enabling the employees to excel through excellent strategy formulation, execution, bench marking and governance throughout the company.

The programme continues in 2020.

An independent jury awarded eight Danish companies the title of Best Managed Companies at the award show in Copenhagen in May 2019.

Winners of Best Managed Companies 2019

Aclass

IB ANDRESEN INDUSTRI

DIS innovative engineering

CO RO REFRESH AND DELIGHT

SANOVO TECHNOLOGY GROUP

Westpack When packaging matters

creativ company 3 colours - 3 shapes - 1000 ways

VESTFROST SOLUTIONS

DENMARK BEST MANAGED COMPANIES

"With Best Managed Companies, we want to bring attention to the Danish midsize companies that are truly outstanding, so that our entire nation can see why they are best-in-class. Our hope is to encourage, develop and inspire Danish companies to make the effort necessary to ensure growth and international expansion."

Bjørn Winkler Jakobsen,
Leader of Best Managed Companies, Denmark

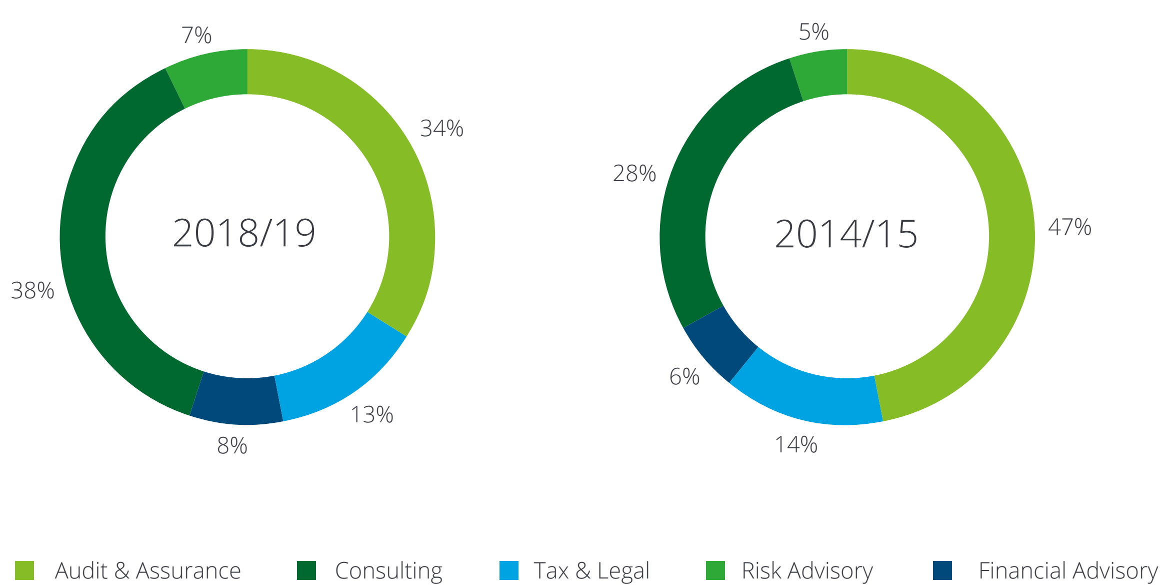
Financial highlights

Revenue
Revenue for the financial year 2018/19 amounts to 3,732m against 3,429m for 2017/18. The organic growth (revenue adjusted for acquisitions and disposals) amounts to 10%.

Financial performance for the year
Profit for the financial year 2018/19 amounts to DKK 93m, which is DKK 6m more than last year. In evaluating the profit, it should be considered that the shareholders of the Firm are also its partners and that their remuneration is profit-related. This remuneration has been recognised in staff costs.

Development in number of employees
At financial year-end, the number of employees was 2,803 compared to 2,717 the previous year. Out of the number of employees, 248 were partners.

Revenue by business units
All our business units have undergone a huge transformation during the last five years and in all business units, except for Audit & Assurance, we have grown significantly. Considering the quite different market conditions with higher regulation and quality demands, it is satisfactory that we have had less growth in Audit, while maintaining significant growth in all other business units..



Financial highlights

Key figures	2018/19 DKK'm	2017/18 DKK'm	2016/17 DKK'm	2015/16 DKK'm	2014/15 DKK'm
Revenue	3,732	3,429	3,091	2,838	2,564
Operating profit*	102	92	89	69	66
Net financials	(9)	(4)	(3)	(4)	(2)
Profit for the year*	93	87	86	65	64
Trade receivables and contract assets	1,244	1,026	852	772	728
Equity	580	547	518	487	475
Balance sheet total	2,137	1,799	1,689	1,580	1,428
Investment in intangible assets	114	11	9	82	73
Investment in property, plant and equipment	33	11	33	11	38
Net interest-bearing debt	524	329	229	115	206
Cash flows from operating activities	(37)	(21)	(26)	210	(41)
Average no. of full-time employees	2,575	2,513	2,553	2,379	2,285
Ratios					
Net margin (%)	2.7	2.7	2.9	2,4	2.6
Equity ratio (%)	27.1	30.4	30.7	30.8	33.2
Revenue per full-time employee (DKK'm)	1.4	1.4	1.2	1.2	1.1
Financial gearing (%)	0.9	0.6	0.4	0.2	0.4

Key figures and ratios are defined and calculated in accordance with the CFA Society Denmark's current version of "Recommendations & Ratios".

*In evaluating the profit, it should be considered that the shareholders of the Firm are also its partners and that their remuneration is profit-related. This remuneration has been recognised in staff costs.

Definitions:

Net margin $$\frac{\text{Profit for the year * 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity * 100}}{\text{Balance sheet total}}$$

Revenue per full-time employee $$\frac{\text{Revenue (DKKm)}}{\text{Average no. of full-time employees}}$$

Financial gearing $$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$$

2020 strategy

Shaping the future

Deloitte's strategy towards 2020 is guided by our purpose: to make an impact that matters for our clients, people and the societies we are a part of. By delivering on our purpose, we aspire to be the undisputed market leader within professional services. This reflects an ambition to shape our industry by helping our clients to shape their future.

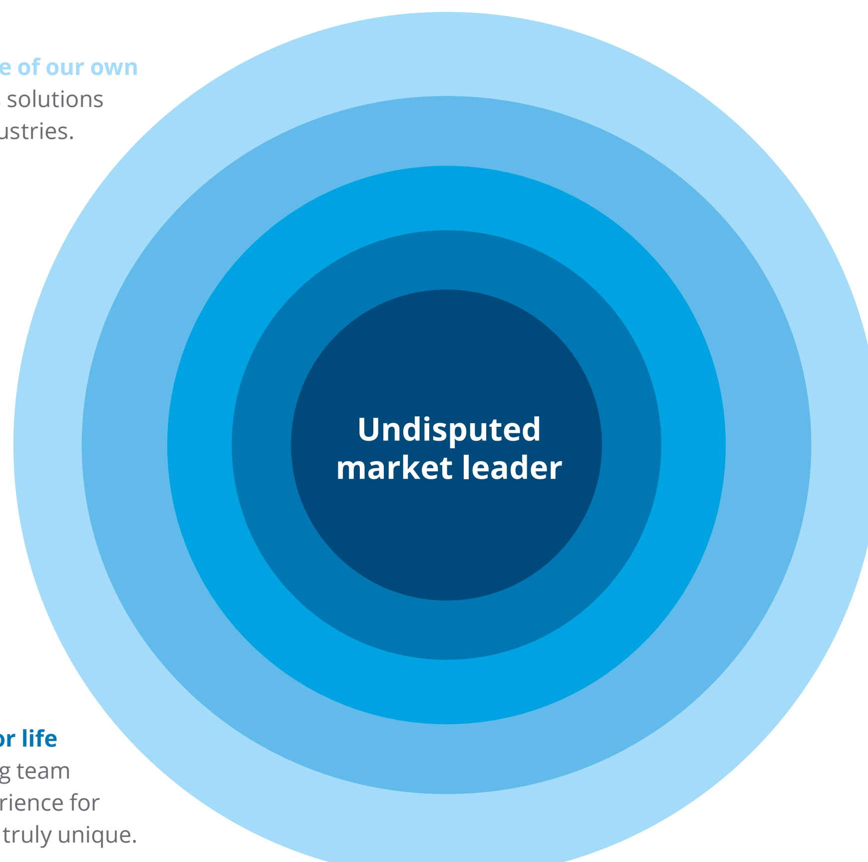
Our 2020 strategy was formulated in 2014, originally as a response to megatrends concerning digitalisation, the workforce of the future and a changing competitive landscape. It builds on the following principles:

In a league of our own
We provide world-class solutions across industries.

Running a responsible business
Our code of conduct and ethical principles are non-negotiable.

Sharing knowledge and co-creating
We leverage global knowledge and innovation as well as local relationships. We focus on collaboration, knowledge sharing and new partnerships and alliances to build a strong eco-system.

Colleagues for life
We play to win through passion, strong team effort as well as creating a learning experience for life, so the time with Deloitte is truly unique.



Annual report 2018/19 | **2020 strategy**

The 2020 strategy suggests four transitions to ensure that we offer the best of Deloitte to our clients and always have quality at the heart of what we do. Here is the status of the four strategic pillars:

1 From biggest to best

We strive to help shape our clients' businesses, to prepare them for the future and create more sustainable growth. Therefore, we are working on reimagining Audit. We invest significantly in technology services such as enterprise software, cyber and blockchain, and we deliver end-to-end solutions within strategy, transformation and M&A. We continue to have the best image in our profession – a position we aspire to retain.

2 Transform industries

We have strengthened our focus on transforming industries. We actively engage global sector specialists into local markets, and leverage an integrated global Deloitte network to better help industries meet the massive changes they face. Our industry focus include: Government & Public Sector; Financial Services; Energy, Resources & Industrial Products; Life Sciences & Health Care; Consumer; Technology, Media and Telecommunication

3 Integrated solutions

We work with our clients and alliance partners as One Deloitte – and help to solve our client's challenges and needs through long-term relations and a deep understanding of the client's business and industry. Through a holistic approach, we bring all the capabilities Deloitte has to offer – from local to global.

4 Playing to win

Our most important asset is our people. We focus on creating diversity of thought, a winning culture and a modern working environment. With steep learning curves, flexibility for young families, and with respect and inclusion as a non-negotiable parameter. We believe we are on the right path, as we have created strong talent, leadership and diversity programmes – although we still have work to do in developing female leaders and partners.

4 years into our 2020 strategy, we are still ahead of the financial plan, despite responding to significant changes in times of transformation. We have accelerated the global integration and are now part of 'Deloitte North and South Europe'. We have further strengthened our strategic client programmes. We have created an environment in which talents can thrive and develop in the long run. And we have committed ourselves to take responsibility in the society we are part of. We have been able to grow and transform our business, while building our brand.

People impact

Creating the workplace of the future

Diversity matters. For our clients. For our society. And for all of us at Deloitte – in everything we do.

Every day, more than 2,800 Deloitte talents do their absolute utmost for the future success of our clients, society and their peers. Once again, we are the #3 most attractive employer among business students according to Universum. We have also made a quantum leap in terms of attracting IT students – for the first time, we are ranked in the top ten in the IT category, at #9. This is an achievement that we are truly proud of.

The response rate for our engagement survey is an overwhelming 89 per cent, which tells us that our people are more engaged than ever and are keen to contribute to a better Deloitte by making their voices heard. And every voice matters – we are persistent, determined and ambitious on behalf of our talents. We are committed to shaping the future workplace at Deloitte – a strategic direction integrated into every aspect of the talent experience. Throughout 2018/19, different initiatives from the Talent Agenda, which includes our policy on gender equity in the management, have created a solid foundation for us to create the workplace of the future with our talents:

Leading Performance, our performance management approach designed to provide regular, future-focused, strength-based coaching with timely feedback on performance, is blossoming across Deloitte. With Leading Performance, we are enabling a strength-based dialogue with our people and empowering an even stronger client focus.

The Work Agility and Happy Parents programmes support our people in creating a better work-life balance when operating in a high-performance environment, irrespective of their circumstances in life. We continue to be dedicated to this agenda and are focused on adjusting our approach when needed, with the ambition to be the preferred employer for both male and female talents whose priorities may shift in the course of their career.

Women in leadership

	2016	2017	2018	2019
Partner elected board member	0%	0%	25%	0%
Management team (Executive)	10%	10%	20%	20%
Partner	8.6%	8.4%	9.5%	10.6%
Senior Manager and Director	29.1%	32.8%	30.8%	31.7%

Our progress on women in leadership positions is evident at partner level and among senior managers and directors.

At board level, we had a female member, Sharon Thorne, up until 24 May 2019, who accepted the role as global chair and therefore had to step out of the board. Her replacement, Michel Denayer, is the chair of the board in the North and South Europe firm. Because of this, the gender balance in the board was not upheld at the end of the financial year, and we have thus set a target of having at least 25 % of each gender represented in the board at the latest by the end of financial year 2019/20.

How the Talent Agenda will take us to the future

In November 2018, we adopted three long-term strategic focus areas for the national Talent Agenda: Leadership and sense of partnership; Talent development; Respect and inclusion.

Leadership and sense of partnership

It is essential for Deloitte to practice respectful and inclusive leadership, and we prepare our leaders to be role models for inclusive leadership with regard to behaviour and decision making. We lead and develop our talents according to the Leading Performance philosophy, and our newly established Leadership Academy is about to launch a range of programmes >>

"We firmly believe that our clients and our business will benefit, if we create a workplace where all employees are able to combine an exciting job with a flexible work-life. We also believe that we can deliver a better client experience when our teams are diverse. Diverse people and perspectives enable us to act more innovatively and creatively, resulting in better solutions."

Camilla Kruse,
People and Purpose Leader

- to strengthen our leadership capabilities – in the development of leaders, coaches and our future market specialists, for whom sales and business adviser capabilities play a significant role. Our partnership culture is 175 years old and an institution we have inherited. It is also a culture we need to nurture and develop, so that we can pass on a better firm to future generations.

Talent development

Attracting and retaining the right talents is our number one priority, and our Attraction Portfolio includes a variety of initiatives to support the Talent Agenda. Transparency and timeliness are key to developing the culture our people deserve. We have revisited our pipeline model and are introducing consistent and forward-looking career support for all employees, from consultant to partner level, and across all business units. The pipeline embraces both promotions and nominations for the Leadership Academy and our customised mentor programmes. In addition, each business unit operates with local talent development programmes and each year, we send talents to follow the Deloitte University curriculum in Brussels.

Respect and inclusion

Our overall ambition is to create an equal playing field in every aspect of the Deloitte employment journey. Not only the gender balance, but also inclusive leadership, diversity of thought and awareness of unconscious bias count in every aspect of the Deloitte working life. With "elephant-in-the-room" sessions and integration of the global Deloitte Respect and Inclusion strategy in both training and operations, we are determined to make an impact to overcome prejudice and unconscious bias. Over the coming years, we will operate with an even more focused and systematic approach to respect and inclusion – this is a prerequisite for the Deloitte workplace of the future.

We are committed to develop and support a culture of inclusion that empowers all of our employees to achieve their best at both a personal and professional level. This includes accelerating gender representation across the Deloitte network.

To increase the ratio of women in our leadership, we have already established some initiatives, and we will continue to:

- Create mentor roles to ensure that senior women are coached and guided on business development competences by senior people across Deloitte.
- Specifying and communicating business development and commercial roles to increase transparency and attractiveness for women to enter these roles.
- Ensuring the nomination of women to relevant training programmes, to increase gender balance in commercially-oriented training.
- Building a stronger leader and partner pipeline.

In 2018/19, we welcomed a new group of partners to our parthership.

Engagement survey

Every year, we ask our employees for anonymous feedback about Deloitte as a workplace. This enables us to continuously improve our engagement initiatives.

78%	92%	87%
Engaged employees	Small empowered teams	Fair, inclusive, diverse working environment
3rd	**2,803**	**43**
Universum	Employees	Partner promotions

SPOTLIGHT

The journey towards partnership

Deloitte is led by a partnership consisting of nearly 250 partners. Meet Christine Schmitz - one of our newly appointed partners.

Ensuring the partnership's diversity means that the road to partnership differs from partner to partner. Every partner is unique and contributes with an individual skillset. We have a structured and comprehensive partner nomination process, ensuring that all candidates are supported and well-prepared for their nomination.

Christine Schmitz joined the partnership on 1 June 2019 and shares her journey here:

How did your journey to partnership start?
I joined Deloitte four years ago and I didn't have a clear ambition to pursue partnership within four years of starting my career. My focus has been on my projects, our clients, and the people in society that are affected by our projects – and also on my team and how we could have fun along the way.

Christine Schmitz is a partner in Deloitte Consulting where she works with operations transformation within the public sector.

How did you experience the journey towards becoming a partner?
Even though I think that the first part was a tight and stressful process, I learned a lot from it. It was important for me to have the time to think out my case and work with it, since it constitutes my plan for what to focus on during the next few years. Even though the process is intensive, on and off, I have received fantastic help, support and reflection from my Talent Manager and other colleagues around me. This has been important to me and a truly positive experience.

What message would you like to share?
In my experience, you can pursue partnership at Deloitte without this being a part of your career plan from day one. This naturally requires hard work and results, but if you have that, then you will be well on your way.

SPOTLIGHT

More men taking parental leave

With our ambitious commitment to improving gender diversity at Deloitte, we are happy to see more men taking their share of parental leave.

At Deloitte, more and more men are now taking their share of parental leave. This trend shows that we are moving in the right direction and are starting to build a culture that invites men to enjoy this unique stage of their lives with their families. More men taking parental leave is an important agenda – not only for Deloitte, but for many organisations – to improve gender diversity and ensure more women in leadership.

Andreas Svane, one of Deloitte's employees, decided to take nine months' parental leave.

Why did you choose to take nine months' parental leave?
I took nine months' parental leave because I wanted to experience and be part of my son's development and everyday life from the very beginning. This was a really unique opportunity that I knew I had to seize at this time.

What was the reaction from your immediate leader and colleagues?
My immediate leader and colleagues reacted positively when I told them that I would be taking nine months' parental leave. A lot of my colleagues were surprised that it was even possible. It felt nice to be met with such positivity.

Andreas Svane has recently returned from nine months of parental leave.

Do you think your parental leave has affected your career options?
I did not take a step back when leaving, I just took a break in my career development. I recognise that I did not acquire any professional skills while I was on parental leave, but I did acquire a lot of personal skills, and I am certain that I will be able to integrate those skills into my working life.

How was it to return from parental leave?
Returning to work after my leave was painless. I had an ongoing dialogue with my leader and coach, so when I returned I could continue from where I left, and I knew exactly which clients and assignments to focus on. My colleagues welcomed me back and were interested in hearing about my leave. Finally, the flexible work hours enable me to balance my family and work life.

Social impact

Small Great Nation

Small Great Nation is a joint initiative by Deloitte and think tank Kraka to enable a fact-based discussion about Denmark's future and strongholds. The initiative aims to lay out Denmark's challenges and opportunities, facilitating a dialogue across businesses, the public sector, and organisations, engaging people to discuss and co-create on better solutions for bringing Denmark forward – and for including everyone on the journey.

Two years in, we have released four reports on Danish strongholds, social cohesion, harvesting the high-hanging fruits and the welfare state towards 2040. With Small Great Nation, we have engaged ministers, CEOs and entrepreneurs in the discussion. Videos, social media, podcasts, press activities, and events across the country are among the channels we have used to communicate facts and promote the discussion.

Recommendations for our joint future
With the four reports, we round off the first part of the Small Great Nation ambition with a selection of recommendations based on the most significant topics. The recommendations are tested in the many debates and in our CEO Sounding Board. The recommendations fall into four areas:

- The Coherent Denmark
- Growth and industries
- Teaching and education
- The labour market

The response and impact have been extraordinary. That is why we have decided to continue the initiative for another two years with new analyses, events and podcasts in the pipeline.

As a global player, we must take a responsibility in the world we live in. Small Great Nation is a great example hereof. It encompasses our strategic position and goal and stands as a flagship initiative, which our clients, talents and other stakeholders are happy to take part in.

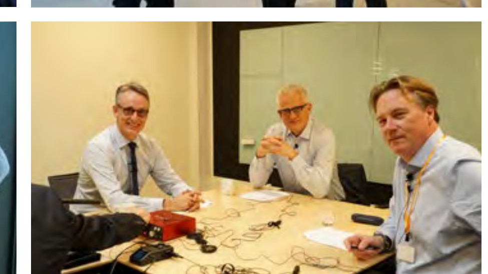
For more information:
www.sgnation.dk

FACTS

- 4 conferences (with Brian Mikkelsen, Mai Mercado, Herman van Rompuy, Francois Zimeray, Jeff Gravenhorst and ohers)
- 4 reports (Danish Strongholds, Social Cohesion, Harvesting the high-hanging fruits and Mission Possible? The welfare state towards 2040)
- 6 roadshows (Aarhus, Aalborg, Odense, Herning, Esbjerg and Copenhagen)
- 15 podcast episodes (with Søren Skou, Mads Nipper, Marianne Dahl, Tommy Ahlers, Emilia van Hauen and others)
- 200 press articles (in just 3 months)


DEBAT
MORGENAVISEN Jyllands-Posten
Kommuner kalder ny rockerlov for værdiløs
Andelen af indvandrere i klasserne kan aflæses på børnenes livsløn
Vi har et fælles ansvar for at få alle med
Kolde fakta viser at Danmark stadig er et meget lige land


Økonomer: Ønsket om en kortere arbejdsdag bliver meget dyr i fremtiden
Er vi ved at få nok af tidlige fyraftener?




Lige børn vokser op med hinanden – og det kan skade Danmarks velstand

AUDIT & ASSURANCE

Reimagining audit – founded on trust

The audit of today is not the audit of tomorrow. That is why we are reimagining it. Audit & Assurance has embarked on the second chapter of our transformational journey, Reimagine Audit. This is our response to how digitalisation, automation, changing stakeholder expectations, and demands are transforming the business landscape. We are working ambitiously to redefine the nature of audit with market-leading quality, cutting-edge technology, world-class solutions, and the best teams across the globe, so that we can continue to create outstanding client experiences while meeting regulators' expectations.

Last year, we consolidated our business by creating competence hubs in fewer locations. While this affected our revenue, Audit & Assurance turned last year's flat growth into a 2 per cent revenue growth.

"I believe we are pioneers in changing the audit industry. Innovation is a natural part of my work at Deloitte and something that I am proud of."

Magnus Stagsted, Manager

A people business with a digital mindset

Innovation, talent, and technology are at the core of Reimagine Audit. By leveraging state-of-the-art audit analytics tools, we can deliver a far more data-driven audit. We can empower our people to increase audit efficiency, perform audits of the highest quality, and contribute with value adding business insights to help our clients gain new perspectives into their businesses. In 2018/19, we invested heavily in analytics capabilities and we are excited about the impact we can make on the market.

Technological enablers are a crucial part of audit's future. But as the world becomes more digitalised and automated, personal skills and human qualities such as ethics, trust and integrity are more important than ever. These traits are already at the core of how we serve the public trust. We continue to leverage these, as we deliver independent and data-driven audits of the highest quality.

When we recruit and motivate our people, we see a prevailing desire to shape the future. They increasingly aspire to work with innovation, become pioneers, and develop themselves. They want to be part of a journey that enables them to redefine audit and how they work with clients.

In Audit & Assurance, our job is to build trust and confidence in companies and capital markets. In today's era of uncertainty, fake news, mistrust, and lack of transparency, trust has become more important than ever before. While we continue our transformative journey of Reimaging Audit, maintaining exceptional quality, and building trust will remain at the core of everything we do.

1.085

people are working in Audit & Assurance

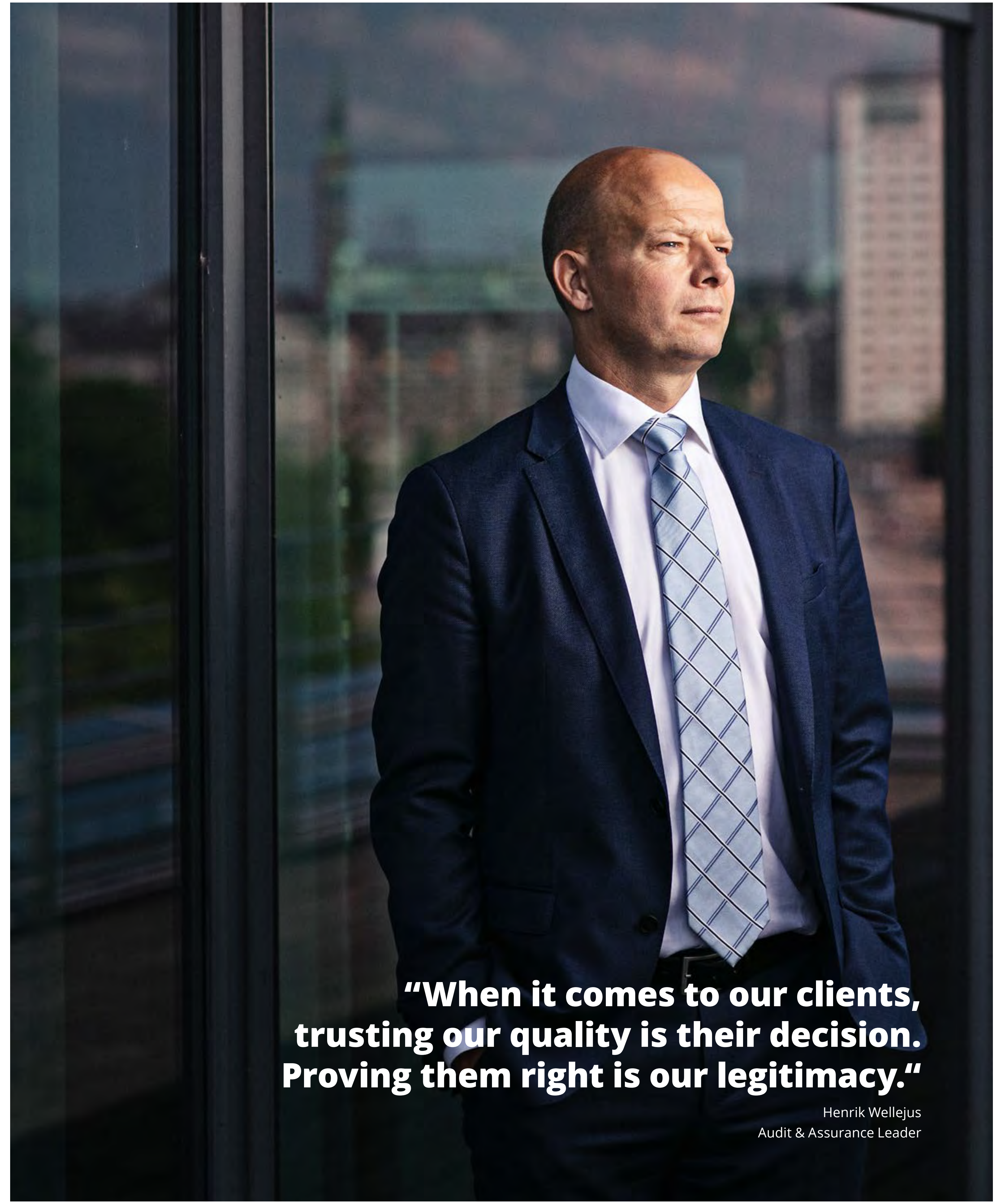
38% **62%**

34

Average age

Revenue

*Organic growth



CONSULTING

Transforming the future for our clients through new ecosystems

In Consulting, we have had another great year with growth across both the public and private sectors, resulting in a solid revenue increase by 13 per cent. Even though the market is experiencing increasing uncertainty about the future, this has not yet affected the rising demand for transformative solutions and expert advice. We have grown through technology-enabled transformative projects in particular – delivered in close collaboration with our global alliance partners.

The alliances we create set us apart
Our global alliance partners include SAP, Salesforce, Apple, Google, Workday, Amazon and McLaren. By collaborating across this ecosystem of strategic partners, we provide world-class insights and market-leading solutions that are tailored, yet scalable. These partnerships help our clients thrive and take the next step into the future.

"For me, Deloitte represents the future of consulting. The space to live a full life, while solving complex problems."

Søren Birch Bødker Kristensen, Senior Consultant

The impact we make
As Denmark's largest management and IT consultancy, we have a significant impact on our society, our clients and our people The nature of this impact depends on the type of clients we serve. Our overriding purpose is to help transform and move our clients to the next level by leveraging the current market opportunities and preparing them for future waves of change.

In the public sector, we help to shape the future welfare state through better, more digitalised solutions. A strong focus on value and quality is fundamental to improve the welfare state, the well-being of its people and to promote trust in institutions.

We also play a key role in reinventing the financial institutions of the future. The industry is undergoing fundamental transformation, due to changing regulations and because the public is increasingly holding banks and insurance companies responsible for their role in ensuring fair and sustainable growth across society.

In the private sector, we help to increase productivity and growth through business transformation. When we empower our clients to become more competitive within their core business, they are also better positioned to help achieve the Sustainable Development Goals, which are among their top priorities, as well as Deloitte's.

One year ago, we acquired the management consultancy firm Struensee & Co., which has proved to be a perfect match. The unique combination of their deep public sector knowledge and Deloitte's network of competencies have enabled us to deliver a market-leading value proposition that has resulted in major client projects.

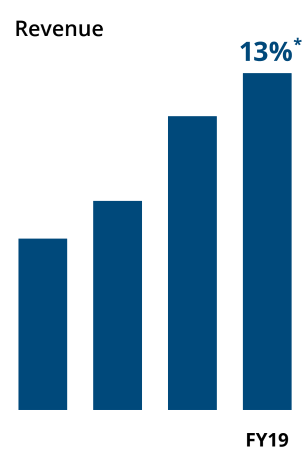
781

people are working in Consulting

34% **66%**

34

Average age



*Organic growth

TAX & LEGAL

Fair tax practices - a competitive advantage

Tax & Legal has delivered strong growth. This year, our revenue increased by 11 per cent - a result attributable to our team's high integrity, responsiveness and proactivity. We are, therefore, proud to have been awarded 'Tax Firm of the Year' at the 2019 ITR European Tax Awards, for the second consecutive year[1].

The global tax market continues to be volatile as a consequence of Brexit, trade wars and changing stakeholder expectations. As businesses become subject to more diverse global regulation, we are experiencing an increased demand for services within compliance and global tax advisory.

"By having a flexible environment and very supportive colleagues, I have created my own work schedule that balances my family life and my working life."

Sara Nattestad, Manager

Deloitte's global network is fundamental to enabling clients to meet these changing needs. Our global reach and knowledge-sharing empower us to deliver the services needed in a global economy. As the need for global deliverables has increased, the willingness to outsource tax management has equally increased.

Our Tax Management Consulting team bridges the client's finance and tax function and with the regulatory requirements.

Through process optimisation, technology deployment and by rethinking the tax department, we help clients achieve a transparent and efficient tax function, which enable them to be compliant and meet stakeholders' rising demands.

Increased focus from society and clients

Tax plays a key role in mobilising and securing resources in society. Cases of tax fraud and aggressive tax planning have led to an increased political focus. Doing the right thing is important for our clients. Tax is no longer merely considered to be a cost. Clients are increasingly aware of society's expectations and tax' influence on their business model. International clients in particular are discussing the strategic role of tax in relation to their business purpose. This is a dialogue that we facilitate to find the best solution for both business and society.

During the past year, we have further intensified our focus on tax advisory services. We now supply technical tax knowledge in the role as our clients' trusted tax adviser, and digitalisation is an important vehicle in this. Through new technologies, we enable clients to handle tax through innovative and cost-effective solutions.

Tax & Legal consists of 267 tax professionals. With flexibility, openness, good relations and tailored initiatives, we have continuously succeeded in attracting and retaining ambitious people, who seek a good work-life balance.

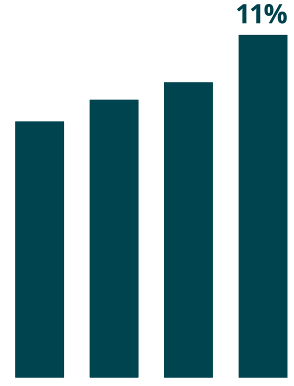
267

people are working in Tax & Legal

54% 46%

38

Average age



[1] The statutory statement of social responsibility, cf. the Danish Financial Statements Act §99a

FINANCIAL ADVISORY

Strong team spirit fuels impressive growth

With a 32 per cent increase in revenue, Financial Advisory has achieved another impressive all-time high growth rate, despite operating in a stagnating market. We have grown from three to five service lines by adding Forensic and Financial Services Advisory to our portfolio and increased our headcount by 20 per cent. This investment has contributed positively to our growth.

Building an integrated team

By investing heavily in highly skilled partners and employees, we have succeeded in building broad and integrated teams with a high level of competence and execution power – making both new service lines scalable from day one and even profitable from year one – which is a great achievement by our team.

"It's inspiring to work with clients and colleagues who are really passionate about what they do."

Lise Korsager Ørtoft, Director

In Corporate Finance, Transaction Services and Financial Management Advisory, we have doubled the number of equity partners and onboarded new partners to develop our profile, expertise and minimise risk by having more shoulders to lift the responsibility. These talented people help us achieve our ambition to build strong industry teams that enable us to meet our clients with better, broader and more flexible offerings. To ensure that our clients have access to the right industry expertise, we have also strengthened our collaboration within our global organisation.

High impact culture

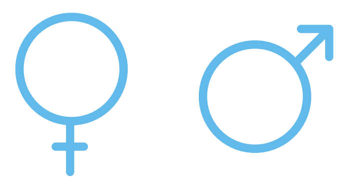
Our purpose is clear: we only take on assignments that make a significant difference to our clients. This often concerns maximising value, since we help to protect and divert capital to where it can flourish the most. By finding better ownership that can develop the company and increase its value, we help to ensure that they develop and survive in the long run.

We also stimulate growth through Public & Private Partnership models, as we help the public sector find funding and partners for infrastructure projects. In our Forensic unit, we limit clients' exposure to threats such as fraud, corruption, and money laundering – practices that undermine the sustainable development of organisations and society.

Our culture is absolutely key to our success. It is a high performance, high-five culture in which we have fun, celebrate our successes and learn from our failures - and where we take care of each other like a family. We strive to make all talents aware of how attractive it is to be part of this community – regardless of gender, age or experience. We are particularly happy to see an increase in women among last year's hires as well a more diverse pool of talents.

129

people are working in Financial Advisory

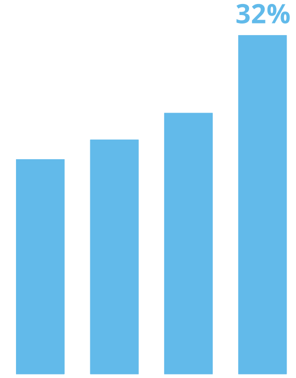


19% 81%

32

Average age

Revenue



RISK ADVISORY

Shaping the future of risk management

This year, we have achieved an impressive 14 per cent growth. While cyber has been a primary growth driver in recent years, this year we have also seen high growth rates within more traditional services, such as operational risks, assurance and internal controls.

Turning risk into opportunity
In four years, Risk Advisory has gone from 80 to 199 employees and more than doubled in revenue. Geopolitical turmoil, digitalisation, cloud transformation, and an increase in hacker attacks continue to cause uncertainty and stimulate demand for risk management.

"Creating different career paths catalyse diversity in leadership – and I am excited to be a part of this journey in Deloitte."

Anne Kathrine Wennergren Holm, Director

We have, therefore, invested significantly in technology and added complimentary services to our risk management offerings. By bundling our services, we can offer a unique, one-stop-shop where clients benefit from innovative services such as risk monitoring, mitigation, incident response and compliance. We have become the executive level's strategic partner, who delivers actionable insights and digitalised, value-adding solutions.

Our goal is to shape the future of risk management. A future that is dependent on the long-term goals and sustainable development of organisations. As a result, we help clients measure and optimise their non-financial efforts with a focus on environmental, social and governance risk management.

For the seventh year, Gartner ranks Deloitte no. 1 globally in Security Consulting Services[1]. We are proud that our Cyber Risk services continue to be the preferred choice for organisations who seek to manage cyber risk and leverage cyber opportunities. As data continues to grow in numbers and application, so will our privacy protection solutions.

Cloud risk management will be a key priority for our clients. This transformation will require a holistic review of the organisation's risk management capabilities including security, managed services and privacy domains. A transformation, we help our clients navigate through.

Accommodating a diverse workforce
Our talents range from information technologists to legal experts. This diversity enables us to create innovative ideas. To leverage this diversity, we opened Horizon – an office designed to stimulate entrepreneurial minds and creative thinking.

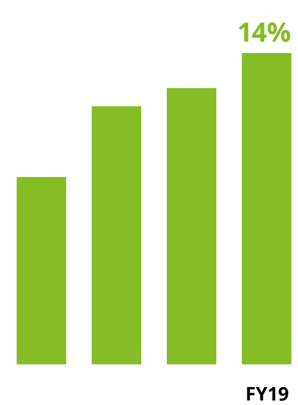
To accommodate our young parents, we offer flexible working conditions to create a better work-life balance. As a result, our employee turnover has dropped to 15 per cent.

199
people are working in Risk Advisory

♀ 39%
♂ 61%

35
Average age

Revenue



[1] https://www2.deloitte.com/global/en/pages/about-deloitte/press-releases/deloitte-ranked-no-one-globally-by-gartner-in-security-consulting-services-for-2018.html

Annual report 2018/19 | **Digital Agenda**

Digital Agenda
2019

Participant satisfaction

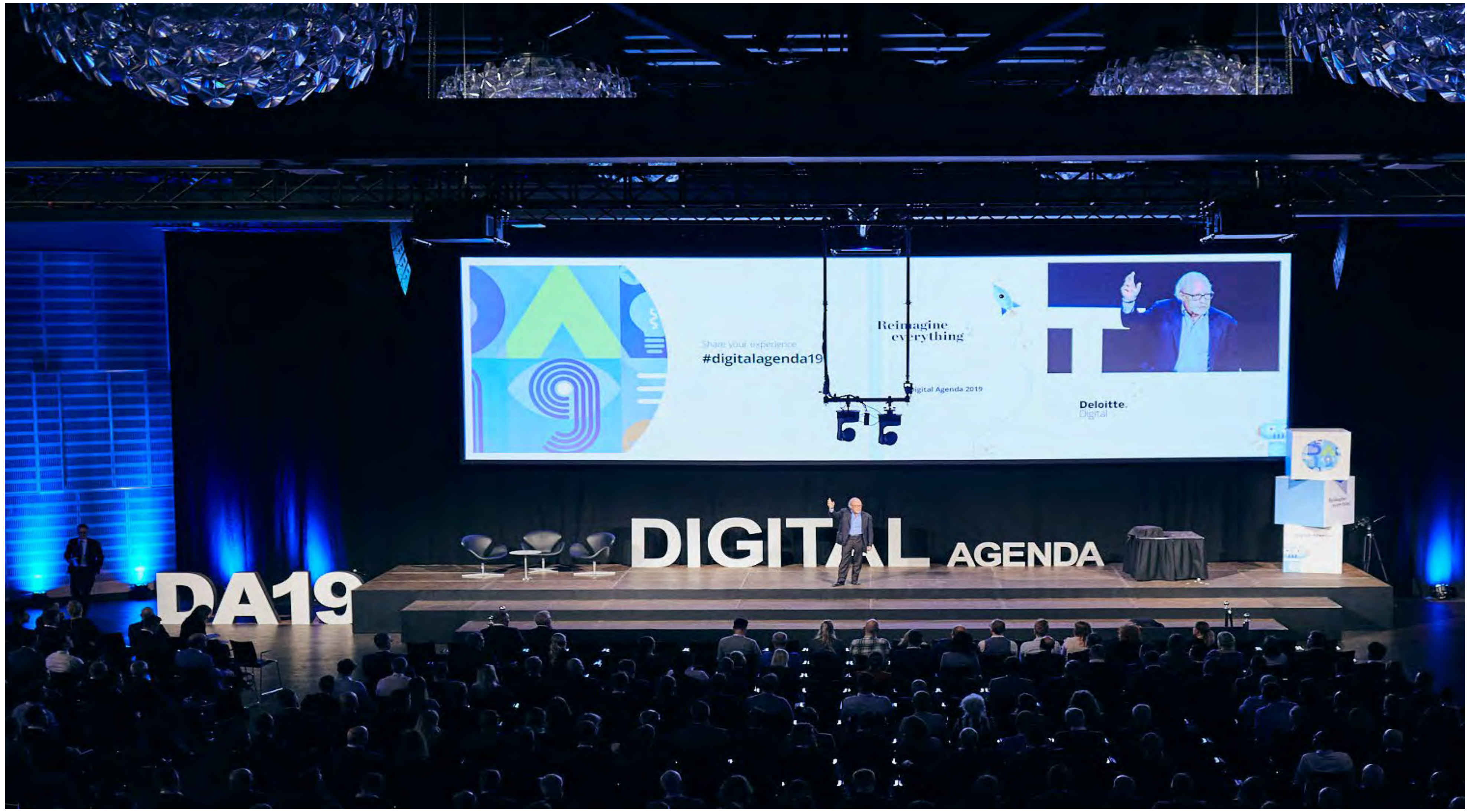
4.2 of 5

Participants

1,000+

Speakers

30



Christiane Vejlø

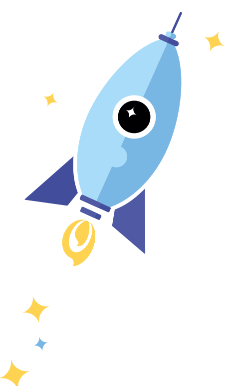
Shivvy Jervis

Kevin Nolan

Simon Singh

Kevin J. Surace

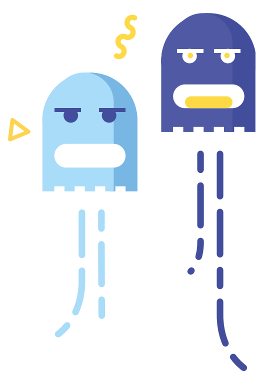
John Hagel



"Are you ready to reimagine business as we know it?," the Nordic CEO of Deloitte, Anders Dons, asked from the stage, looking out at 1,000 participants sitting in anticipatory silence. "New technologies bring thousands of possibilities and it changes the way we do business – but only if we keep using them in new ways," he added.

Digital Agenda is the leading conference on digital transformation in the Nordics. In March 2019, 30 speakers and 1,000 participants gathered at Digital Agenda to learn about new technologies and imaginative approaches to create innovative and sustainable businesses that will make a real difference. Experts, visionary leaders and inventors from all around the world gather at Digital Agenda to share their knowledge and insights and to get ready to ride the next digital wave.

Check out the program for the next conference on **digitalagenda.dk**



Client impact

Spreading the sister spirit all over the world

During the last seven years, the Danish family-owned business, Søstrene Grene, has developed into an international fairy tale, with 240 stores in 16 countries.

As teenagers, the two brothers Mikkel Grene and Cresten Grene didn't dream of taking over their parents' company, Søstrene Grene. This quickly changed, however, once the two brothers started working at Søsterne Grene. Since their first visit, the company has been embedded in the two brothers' DNA, and today Mikkel Grene is CEO and Cresten Grene is Creative Director.

Mikkel and Cresten are the second generation of the Grene family to lead the company that their parents established in 1973. Being a family-owned business is something very special for the two brothers.

"Being a family-owned business enables us to create long-term strategies and to focus on what we believe is best for Søstrene Grene. It also means that we can shape the culture of Søstrene Grene – a culture we have named 'the sister spirit'. 'The sister spirit' encompasses our values at Søstrene Grene and is about being supportive and compassionate about your colleagues. This culture makes you feel part of a big family," say Mikkel and Cresten.

This culture is at the heart of Søstrene Grene, and has become increasingly important as the company has grown rapidly in recent years. During the last seven years, Søstrene Grene has evolved from being a company primarily based in Scandinavia, to having 240 stores in 16 countries. During the last three years alone, the company has doubled its number of employees.

"Considering how rapidly we have developed our business during the last seven years, I hope that we can accelerate the pace in the future and take the client experience to another level by continuing to give our customers unique experiences," says Cresten Grene.

Søstrene Grene's international ambitions and Deloitte's expertise in helping Danish family-owned businesses to grow have resulted in a close partnership from the beginning.

"There is no doubt that Deloitte has helped us to succeed with our mission to internationalise our business. Deloitte has been part of our international journey, and having a team with international experience and knowledge behind us has made us feel comfortable and safe. This has been particularly true in situations where tough decisions were necessary in order to move forward," says Mikkel Grene.

Mikkel Grene and Cresten Grene did not dream of running their parents' company, but today they run a successful international business with great passion and ambition.

About Deloitte Family Business

Denmark is a nation of successful family-owned businesses whose international success is based on strong cultures, values and legacies. The Deloitte Family Business team understands that a family business is not just a company. It is a life's work built on passion, dreams, hard work and hopes of passing the business on to the next generation.

Having worked with family businesses for years, we understand the challenges these businesses face. We take the time to comprehend the family dynamic, culture, and objectives to support long lasting strategies. We have a specialised approach to advising family-owned businesses, connecting them with peers who face similar challenges, such as succession planning. Furthermore, we work with families to help them articulate their goals and anchor these within the family structure and organisation.

Annual report 2018/19 | **Social impact**

Social impact

Running a responsible business - our license to operate

Millennials and Gen Z will only work for companies that take a social responsibility and place social impact before profit. Clients will only work with companies that live up to the highest ethical standards. And investors will only invest in companies that are sustainable. Hence, long-term sustainable growth is key to our future success.

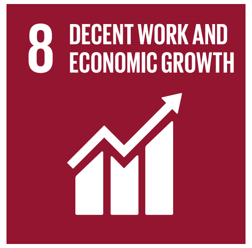
Deloitte's purpose is to make an impact that matters to our clients, our people and the societies we live in. This purpose has been part of our DNA for many years. And being one of the biggest professional services firms in the world, we do believe that we have a significant direct and indirect impact on the surrounding society. Our approach to creating such impact is assembled in our Social Impact Strategy – our commitment to running a responsible business, to be a responsible employer and a responsible citizen[1].

Deloitte supports the UN's Sustainable Development Goals (SDGs) – a global framework for collective action to protect our future, which aims to end poverty, protect the planet and ensure universal prosperity. Although Deloitte contributes to many of the 17 goals, the goals we have the most impact on are Goal 4: Quality Education and Goal 8: Decent work and economic growth. By supporting the SDG goals 4 and 8, we take action on a major global issue of importance to us – helping millions of people being left behind in the Fourth Industrial Revolution to develop the skills needed to do meaningful work.

Responsible business
In a year of mistrust towards financial institutions and an increasing level of cyber attacks around the world, running a responsible business has become even more imminent than ever before. Deloitte's commitment to running a responsible business is centred around our Code of Conduct and ethics policies. We want to be regarded as a professional, trustworthy and objective business with integrity. This means we must hold each other accountable, act with integrity, quality, objectivity and competence, ensure respect and fair treatment and set standards for professional practice and behaviour.

We are aware of the inherent risks related to unethical behavior and our responsibilities as an audit and advisory services firm in mitigating those risks. We ensure proper code of conduct through our risk management systems, covering anti-corruption, anti-bribery, data security and ethics as well as our whistleblower solution and non-retaliation policy, making it safe to report any unethical behaviour.

In 2018, we updated and reinforced our risk management systems and one of the results was that we received the renewed ISO27001 certification documenting our high level of confidentiality and privacy in dealing with our clients and employees data. We also ran a comprehensive cyber awareness campaign to ensure, all employees are alert towards cyber risk. ››



By supporting the SDG goals 4 and 8, we take action on a major global issue of importance to us – helping millions of people being left behind.

Our global societal impact

FY18 snapshot

Impact towards our WorldClass ambition

In FY18, we introduced metrics to track progress towards our global WorldClass ambition to reach **50 million people by 2030** through **education, skills, and access to opportunity.**

33 per cent of our total social impact investment is aligned to WorldClass.

This year, we have reached **1.67 million** people through WorldClass programs in North and South Europe.

More information on Deloitte's WorldClass commitment can be found at: Deloitte.com/WorldClass

ISO27001

In 2018, we updated and reinforced our risk control systems as well as renewed our ISO27001 certification.

GDPR has also been an important issue this year. Protecting personal information and data and ensuring confidentiality for our clients. Responsible tax is another area we developed further this year. On the cyber agenda, we have launched insight reports, new solutions and helped our clients stay alert to cyber attacks. We have held Grab 'n Go sessions on Cyber, GDPR and Compliance, as well as provided guidelines on responsible tax.

Quality will always be the essence of our business. And quality is not only a matter of investing in the right technology and processes – it is also about investing in the development of our culture and people.

"Running a responsible business has become more imminent than ever before."

Anders Vad Dons, CEO and partner

Responsible employer

We want to create a workplace where people thrive, grow and feel part of an inclusive culture. And we want to create an equal playing field. This means placing great focus on diversity and inclusion, including closing the gender gap and getting more female talents in leadership positions, supporting working parents and families as well as creating more flexible working arrangements. This also means that our primary focus with regard to protection of human rights is the working conditions of our employees.

As an employer, we are highly are of the risk of poor working conditions, and we have identified stress, long working hours and discrimination to be most relevant to our industry. Therefore, we have placed extra effort into mitigating those risks.

This year, we really began to see the effects of our Happy Parents, Work Agility and Leading Performance initiatives, providing greater flexibility for people to take time out, to work less in periods of their life and to accommodate a better work-life balance. As an example, the retention rate for senior females returning from maternity leave has gone up 11 per cent, and the percentage of women in leadership positions is 22 per cent. All targets and results on gender equality are described in the talent section.

Responsible corporate citizen

Our responsibility as a corporate citizen is embraced by our global WorldClass ambition to create a positive impact for 50 million futures by 2030 through education, skills development and access to opportunity. The target for the North and South Europe firm, which Denmark is a part of, is at 5 million futures. This year, we have introduced metrics to track progress and reached a total of 1.67 million people through WorldClass programs.

In Denmark, we have unfolded WorldClass into two main initiatives – UNLEASH and Small Great Nation.

UNLEASH is a global non-profit that supports the UN's Sustainable Development Goals (SDGs). Deloitte has been engaged in UNLEASH since the first innovation workshop took place in Copenhagen in 2017 and is the lead innovation partner. Last year, UNLEASH took place in Singapore, with Deloitte running a 5-day SDG innovation lab – once again - bringing together 1,000 extraordinary talents from all over the world to develop scalable SDG solutions and build lasting global impact.

Small Great Nation is an initiative together with leading think tank Kraka dedicated to provide insights and facilitate fact-based

Annual report 2018/19 | **Social impact**

We strive to create a workplace where people can grow and feel part of an inclusive culture.

Sustainability

How we initiated programs and activities to reduce our environmental and climate impact.

Parcels

Most parcels are sent via DHL GoGreen

Plastic

All plastic cutlery has been removed from all offices

Paper

Reduction of paper use, where some offices have cut paper consumption by 75 per cen over the past two years

Waste

The main office in Copenhagen has implemented a bio-shredder solution to convert organic waste into biomass

Food

The canteen contractor (Meyer's) prepares organic food, minimise the amount of meat consumption and provides food waste analysis across all offices

discussions around Denmark's strongholds, opportunities and challenges. Through analyses, events and podcasts, we have engaged CEOs, ministers and Small Great Nation ambassadors across the country in a discussion about Denmark's future. Because of the positive feedback and high engagement from our events and podcasts, we will extend the collaboration with Kraka for another two years.

Sustainability

Deloitte is concerned about the environment and climate change and continuously seek to reduce our environmental footprint by addressing our procurement, operations and waste management.

The risk if we don't make conscious choices about transport, eating habits and paper use, is that we have a negative impact on the environment.

We therefore encourage employees to bike to client meetings if possible and we have bikes available to use. We have an energy-saving lighting system, we encourage employees to print less, and we sort garbage.

At this stage, we haven't measured the impact, but we are convinced that our ongoing and new initiatives in the financial year FY19 have contributed to reducing our environmental and climate footprint. New initiatives include a new biogas system, which turns leftovers from food into energy.

UNLEASH

About Unleash

UNLEASH is a recurring event every year until 2030. This year, we will gather 1,000 young people in Shenzhen in China, where we will once again facilitate the Global SDG Innovation Lab. The best solutions will be awarded and provided with funding or professional services to help make them a reality.

Our support for UNLEASH embodies our WorldClass initiative, which aims at using our skills, experience and global reach to empower 50 million people through education, skills development and access to opportunity.

In May 2018, 1,000 talented people across the world gathered in Singapore to solve some of the most complex challenges we face as a global community. UNLEASH brings together some of the brightest and most innovative young minds from across the world, with the aim of finding solutions for the Sustainable Development Goals (SDGs).

As the lead innovation partner of UNLEASH, we were responsible for the design and delivery of a five-day SDG Innovation Lab spanning seven tracks targeting each of the SDGs, including education, health and sustainable production and consumption. More than 50 Deloitte professionals guided the participants on each track through the innovation phases of problem framing, ideation, prototyping and testing before each team pitched their solutions to investors and other stakeholders. Through this, we helped them create 150 innovative solutions.

These solutions are now seeking support from investors, experts, mentors, and more than 200 UNLEASH partner organisations globally.

16 Deloitte professionals attended UNLEASH as practitioners - singled out from more than 8,000 applicants to be part of the event.

"Singapore UNLEASH was a life changing experience for me as well as the talents I facilitated. One of my teams made it through the dragon's den! It was so wonderful to connect with like-minded people on a global scale! It was mindblowing and thanks for the opportunity for me to make an impact that matters."

Facilitator, UNLEASH

Annual report 2018/19 | **Diversity and inclusion**

Creating room for everybody

A personal perspective by Lasse Posborg Michelsen, Senior Consultant and founder of GLOBE Denmark

Why is our GLOBE community such an important initiative? Here is why: sexuality and gender identity are not suits that you can wear occasionally. They are fundamental components of your life. They even play a part in those areas of life that don't seem to have anything to do with them.

Every day, when you get to work, people read you as a gendered person – also when you talk about investments or risk assessments. Two out of ten Danes meet their partner at work – wouldn't it be strange to suggest that sexuality plays no role in our working lives? It does, in fact.

The purpose of GLOBE is to make room for people in their working lives – young and old, lesbian, transgender, gay, bisexual, straight and queer. No matter how you self-identify, we would like to work with you – and by doing so make Deloitte a more interesting, diverse and enjoyable place to be, not just most of the time, but every day. A place where everyone can grow authentically – as a person and as a professional.

GLOBE is a ...

- Community of Deloitte professionals across business units that organises social and professional events relevant to LGBT+ and allies.
- Supportive forum where LGBT+ can safely share their experience from their working lives at Deloitte.

To us diversity is a strength and a reality and this year, we celebrated it together as colleagues, friends and community side by side in an act of unity and solidarity in the Copenhagen Pride Parade.

Client impact

Robots free employees from thousands of hours

Several organisations find it hard to upscale their use of RPA technology. Statens Administration has cracked the code and sees great potential in the use of robotics.

Employees in Statens Administration no longer perform the repetitive work of uploading numerous PDFs and Excel sheets to the state databases. A robot has taken on that task, equivalent to 9,000 working hours.

"No-one in Statens Administration finds it challenging or is pleased to perform tasks that are repeated 220 times each month," says Trolle Klitgård Andersen, CEO at Statens Administration.

Statens Administration has implemented 18 robots in total, giving its employees more time to focus on tasks that require human expertise.

More than one third of the processes at Statens Administration include repetitive tasks, so the RPA technology holds great potential for doing things smarter and faster, Trolle Klitgård Andersen explains.

"We can see that the RPA technology reduces costs and errors, while also increasing effectiveness," he says.

These days, robots are part of the staff of many organisations. However, it can be challenging to scale up the technology. In a recent global study from Deloitte, surveying 530 organisations, only 4 per cent of the companies reported that they used more than 50 robots. More than one third of the organisations had only implemented between one and five robots.

According to Trolle Klitgård Andersen, a good place to start is by asking your employees to identify all the rule-based and repetitive tasks they perform.

"I think most organisations will find that the potential for automating these kinds of tasks is huge. In our case, the next automation step is to combine the RPA technology with the great opportunities presented by machine learning," he says.

According to Statens Administration's result plan, the goal is to cut 20,000 employee working hours by using RPA technology.

Government and public services

The Danish public sector continues to be affected by the digital transformation across central government agencies and local governments; moving from legacy systems to the cloud, and automating administration and services with advanced analytics and artificial intelligence. While digitalisation represents a vast array of opportunities, it also entails a stronger focus on cyber security and the technological resilience to protect our society, citizens and companies. Following the implementation of GDPR in 2018, the public sector has a strong focus on compliance, control and inspection.

The role of the regulator is evolving rapidly – in terms of how regulation is developed and how it is enforced. The speed of new technological products, with the rise of new types of business models of a digital cross-sectoral nature, presents new challenges for the regulator. The future of regulation will thus be based on cross-sectoral partnerships between policy-makers, private businesses, NGOs and tech start-ups, to balance the protection of citizens against technological innovation.

Deloitte works with the public sector and government to shape the future welfare state through more efficient systems and solutions and by promoting higher levels of compliance and cyber security, among other things.

"We can see that the RPA technology reduces costs and errors, while also increasing effectiveness," he says.

Trolle Klitgård Andersen
CEO, Statens Administration

SDG ACCELERATOR

SMEs lead the way with the SDG Accelerator

A year ago, we set out to help Danish small and medium-sized companies (SMEs) integrate the UN Sustainable Development Goals into their business models, together with UNDP and the Danish Industry Foundation. We can now celebrate the first 13 cases that have undergone the SDG Accelerator programme, while the next group of 19 SMEs have eagerly embarked on the journey to make impactful solutions to the challenges embedded in the SDGs.

The first 13 participating companies are great cases of how new products, new business models and services cannot only present a viable business model, but also contribute to a new path. A few examples are:

Desmi has developed a method to collect plastic in rivers and streams so that the plastic does not end up polluting the oceans. The plastic is then converted into energy.

TripleNine has teamed up with partners from public, private and research-based organisations to develop a solution whereby mussels are used to collect nitrogen from the sea and then turned into fish feed. The aim is to have a positive impact on the marine environment and enable us to produce more food for the world's population.

Ingemann Climatica has launched an IT solution to measure and track data from the soil to improve crop yields of cocoa and coffee beans in Central America.

In all of these cases, we have applied our innovation methodology, our strategy and facilitation skills, and our digital knowledge to support the development of new solutions with a strong impact. We look forward to add 19 new cases to this portfolio, after we have taken the current group of SMEs through the SDG Accelerator programme.

Bahare Haghshenas, partner in Deloitte, who is working on the project, explains:

"With the SDG Accelerator, we see companies embracing more sustainable models. By applying their creativity and working with experts from the UN and innovation facilitators from Deloitte, small and medium-sized companies are taking the driver's seat in solving some of the persistent challenges we face in society and developing new business opportunities."

"The SDGs contain an enormous growth potential for companies. Through the SDG Accelerator, we help SMEs innovate their way into sustainable business opportunities."

Bahare Haghshenas, Partner

SDG spotlight

Sustainability helps Chr. Hansen and Vestas attract the right talents

The speed of change is forcing leaders to take on greater societal responsibility, building sustainable solutions into their core business. Vestas and Chr. Hansen are among the companies leading this agenda – companies we admire.

Chr. Hansen

Strategic investments and concrete measures have made Chr. Hansen the most sustainable company in the world. All 3,000 of the company's products have been analysed before they decided on three specific goals to pursue: Zero Hunger, Good Health and Well-Being, and Responsible Consumption and Production.

"From an investment perspective, we could see that sustainability gave access to many great capital opportunities, both among our shareholders, but also from external sources such as sustainability financing," says Søren Westh Lonning, CFO.

Søren Westh Lonning, CFO, Chr. Hansen

Today, 82 per cent of the company's revenue directly supports these three sustainable development goals. It is a core priority for the CFO to be able to measure this impact, so that reporting on sustainability progress has become an integrated element of external auditing.

"This creates a high degree of credibility for investors and clients. We are pioneers when it comes to measuring our sustainable impact, and this is a key element of our strategic planning and company culture," Søren Westh Lonning says.

Chr. Hansen's case was ranked as the world's most sustainable company during the World Economic Forum in Davos in 2019, honouring the company for all the energy it has dedicated to sustainable work during the last few years.

"This year, the goal of the company is to grow by 8 to 10 per cent, and much of this growth will probably stem from sustainable investments," he says.

Life sciences and healthcare

The Life Sciences sector is growing almost twice as fast as the global GDP. Deloitte is dedicated to helping our clients benefit from this great potential. We believe that digital platforms provide better access, deeper insights and faster cycle times. Artificial intelligence has the potential to revolutionise diagnosis, treatment planning and patient monitoring, blockchain can provide more easily aggregated health data sharing in the future, and R&D can make trial participation less burdensome. As many as half of all trials may be done virtually in the not so distant future. Our dedicated industry practitioners, comprised of more than 14,000 professionals with proven life sciences experience, work with clients to address these opportunities, making life easier for patients by providing better access to treatments.

Marika Fredriksson, CFO, Vestas

"Sustainability should not be treated as a side kick. When it's serious, it's part of what you do every day – therefore, we have sustainability as part of the discussion in everything we do."

Marika Fredriksson, CFO

Vestas

As a producer of green energy, Vestas is in harmony with the entire SDG agenda. Vestas is committed to six SDGs and devotes a lot of effort to humanitarian work in Africa and South America, building schools for girls, advising on family planning, and ensuring clean drinking water.

"If you want to drive global change in areas such as climate, wealth and diversity, the SDGs are the best ground to stand on. No one can disagree with these goals, because they make perfect sense," Marika Fredriksson says.

"We are on a journey, trying to push the boundaries for sustainability, CSR and local community commitment around the world. Because wind energy has become so cheap, the key today is not cost alone, but to create value across stakeholders, and the SDGs are a way to make that tangible."

This year, Vestas' financial target is a double-digit margin, and the SDGs will play a key role in making this a reality, because they are all interlinked with the heart of the business, Marika Fredriksson explains:

"Sustainability should not be treated as a sidekick. When it's serious, it's part of what you do every day – therefore, we have sustainability as part of the discussion in everything we do."

Energy & Resources

Increased focus on climate and cleantech, and an efficient and future-proof energy system, is a strong trend in Denmark and also globally. Consumers, politicians and investors demand sustainable energy solutions, and the main players in this field are drivers of that change. Market liberalisation and globalisation increase competition and, to stay competitive, energy companies must be innovative and effective. This trend will rise steeply in the future, with even more renewable energy, electrification of the transport and heating sector, and new energy technologies. We will also see a shift from a tradition for long-term large-scale infrastructure investments towards smaller short-term investments in digital solutions.

With more than 8,000 Deloitte professionals within the Energy & Resources industry worldwide, we are supporting our clients on this journey of transformation, with everything from identifying and overcoming innovation barriers, to M&A support and the implementation of new digital solutions.

Client impact

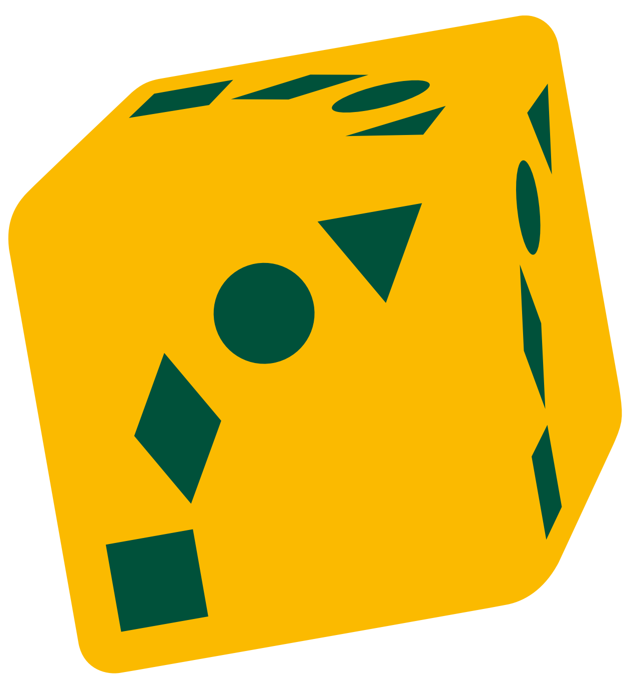
Hitting the data jackpot with Danske Spil

Increased usage of data and advanced analytics have provided Danske Spil with new insights and learnings. The company uses the data to tailor marketing efforts, strengthen growth initiatives and support product development.

During the last couple of years, Danske Spil has taken a quantum leap towards becoming an insight-driven organisation. With modern technologies such as machine learning and advanced analytics algorithms, the company's Business Insights department now regularly provides valuable insights to Danske Spil's top management.

"Our insights and analyses enable us to make the right decisions. Previously, we've relied too much on intuition and instincts, but since we're now far more insight- and-data driven, we've gained a better understanding of how the future might look. This increases our ability to act and adapt quickly to how the market is developing, and allows us to chase new value-creating opportunities," says Allan Auning-Hansen, former CFO at Danske Spil.

During the past year, the Business Insights department has developed several much sought-after analyses and models that have been implemented by Danske Spil. Among other things, the company has initiated AI-based insights to reduce the rates of termination of Danske Spil's PLUS subscriptions, and to increase Danske Spil's revenue and profit on digital and physical lottery tickets. Danske Spil has also implemented machine



"This increases our ability to act and adapt quickly to how the market is developing, and allows us to chase new value-creating opportunities."

Allan Auning-Hansen,
Former CFO of Danske Spil

learning algorithms to help the company to segment its more than 700,000 online customers into six different groups, according to their preferences.

"As we are now able to tailor campaigns to the players' preferences, we have become far more relevant. The data flow enables this segmentation and completely changes how we launch campaigns and measure the campaigns' effects," says Frederik Nordentoft, Head of Business Insights at Danske Spil.

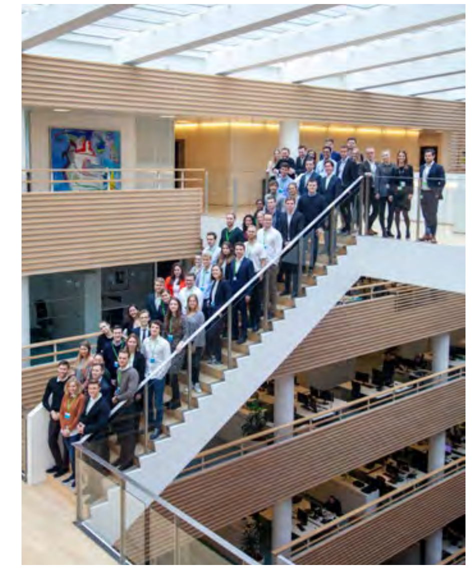
With its expertise in assisting private companies to grow, innovate and expand, Deloitte has been working closely with Danske Spil for a number of years. During this partnership, all of Deloitte's business units have assisted Danske Spil, in every aspect of the company's transformational journey.

"Working with Deloitte for the past five years has been a very positive and exciting journey. Building on our historical collaboration with many different service lines within Deloitte, there is no doubt that working with Deloitte has contributed to the strength of Danske Spil today. As such, Deloitte will also be a strong partner in the future on Danske Spil's journey of innovation, growth and strong results," says Allan Auning-Hansen.

Deloitte Private

More than 95 per cent of Danish businesses are small and medium-sized. Many companies are privately owned. Deloitte does not just serve the large corporations, since we also have a strong focus on Danish businesses that face digitalisation, transformation, growth ambitions and perhaps a desire to succeed globally. At Deloitte, Deloitte Private encompasses SMEs, private equity companies and their portfolios, privately owned companies and family-businesses.

Deloitte specialises in advising privately owned businesses and entrepreneurs. Whether this concerns transforming, digitalising or expanding a business into new markets, our team of experts can help overcome the challenges that you face. The Deloitte Private team has been created to deliver tailored solutions to Danish and foreign companies – solutions that are based on knowledge and experience, in order to keep developing and growing private companies in the best possible way.



18 hours of impact

For many, it is a personal and professional goal to have an impact on sustainable development and growth. And many of us are ready to walk the talk.

Through our Studio 18 initiative, we invited 40 curious students to do exactly that - walk the talk by offering them a place to spark innovation and co-creation on solutions for sustainable growth.

Studio 18 encapsulates the experience and drivers of our profession: the work, the culture, the people, and the passion. It is about bringing people together to create impact.

> "My key takeaway from Studio 18 is perseverance and a belief that great things can be done in little time."
>
> **Participant, Studio 18**

18 hours. 40 students. 8 start-ups
Over two days and 18 dedicated hours, the students collaborated to help eight startups apply the Sustainable Development Goals (SDGs) as levers to enable sustainable growth. They worked together to solve the start-ups' biggest challenges, while exploring how they could use their unique skills to make a difference.

Here are some examples of start-ups that applied the SDGs as a result of the workshop:

Apacta
Bringing transparency and safety to the construction industry.

BioBørsten
Sustainable bamboo toothbrushes aiming to minimise the global plastic footprint.

Platoscience
Produces wearable equipment based on neurostimulation technology to improve people's moods, minds and concentration, as well as battling the effects and causes of depression.

DevelopDiverse
Fights for gender equality in the workforce through a tech platform that eliminates stereotypes and everyday biases in the recruitment and hiring process.

Concern about climate change, inequality, and sustainable consumption and production, to name just a few, has never been greater. Talents in as well as outside Deloitte are eager to address these matters and insist on supporting the process of change. This is something we aspire to provide even more of in the future.

Studio 18

- Studio 18 is a redesigned case competition.
- The eight selected start-ups all have a positive impact on solving the issues addressed by the SDGs.
- During the two days, the students get support, guidance and inspiration from dedicated and experienced professionals from Deloitte Consulting, as well as external speakers.
- The event culminates with a pitch presentation of the findings before a panel of judges consisting of senior Deloitte leaders and an external judge with deep entrepreneurial experience.

Financial review

Main activity
Deloitte Statsautoriseret Revisionspartnerselskab carries out audit and advisory services in Denmark within the framework that follows from the Danish auditing legislation.

Statement of comprehensive income – another year of growth
We have consolidated our position as a strong professional audit and advisory firm in Denmark with an organic growth rate of 10% (revenue adjusted for acquisitions and disposals). We have now realised the fifth consecutive year of growth between 10-11% annually.

Revenue totals DKK 3,732m compared to DKK 3,429m in 2017/18, and this is driven by positive market conditions, but also the result of significant investments both in the market and in developing the firm with focus on digitalisation, quality and talent. All business units contributed to growth.

As a result of the collaboration in North South Europe, we have continuously succeeded in winning major global engagements which have contributed to the growth.

Staff costs, including remuneration to the partners, total DKK 2,288m, which is an increase of 5% compared to last year.

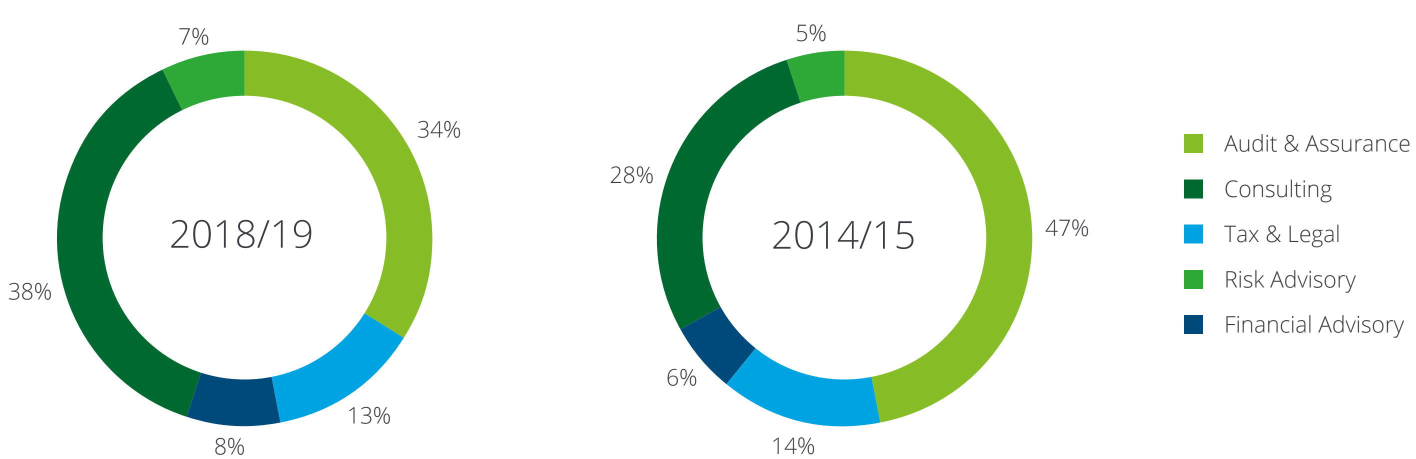
Of the total staff at 31 May 2019, 248 were partners (31 May 2018: 232).

Profit for the year amounts to DKK 93m, which is DKK 6m more than last year. In assessing the results, it should be considered that the equity partners s are also partners of the Firm and that their remuneration is profit-related. The remuneration has been recognised in staff costs.

Audit & Assurance
Adjusted for divestment, revenue has increased by 2% in Audit & Assurance. Focus has been on developing our talent programmes and on digitalisation in order to transform the business to meet the rapidly changing demands from regulators and market.

Consulting
Consulting has had a solid revenue growth rate of 13%. Even though the market is experiencing increasing uncertainty about the future, this has not affected the rising demand for transformative solutions. Consulting has grown through technology enabled transformative projects in particular – delivered in close collaboration with our global alliance partners. In particular Consulting has delivered solutions and impact on a number of major global client engagements. Our growth has further been fuelled by the acquisition of Struensee & Co. which has underlined our leading position in the public sector.

Revenue by business units



Tax & Legal
Tax & Legal has grown with 11% last year primarily due to increased demand for corporate tax services and a strong M&A market complemented by recruiting of talents which have fueled the growth as well.

Risk Advisory
Risk Advisory continues to grow with an overall revenue growth of 14%. While cyber has been one of the primary growth drivers in Risk Advisory in recent years, this year has shown high growth rates also within more traditional services, such as operational risks, assurance and internal controls.

Financial Advisory
Financial Advisory shows a significant revenue growth rate of 32% despite operating in a stagnant market. The increased growth is mainly driven by adding Forensic as a new service line as well as increased industrial focus on the Financial sector.

Balance sheet
The balance sheet total is DKK 2,137m, of which equity amounts to DKK 580m, equalling an equity ratio of 27% (2017/18: 30%). The increased balance sheet total is a combination of increases in trade receivables and contract assets by DKK 218m and business acquisitions and significant investments in digitalisation and innovation.

Distribution of DKK 60m in dividend is proposed similarly to last year.

The balance sheet includes intangible assets of DKK 663m (31 May 2018: DKK 566m), which primarily consist of goodwill, intellectual property rights and development projects in progress. Investments in intangible assets during the year totalled DKK 114m (2017/18: DKK 11m).

Funds tied up in contract assets and trade receivables amount to DKK 1,244m compared to DKK 1,026m in the previous year. The increase is attributable partly to the increased activity level, and partly to an increase in the debtor days ratio and contract assets, which is primarily due to some major global engagements. The increase in funds tied up is the reason that net interest-bearing debt has increased by DKK 195m to DKK 524m at financial year-end.

Cash flow statement
Despite the increase in contract assets and trade receivables, cash flows from operating activities in 2018/19 are negative by DKK 37m only (2017/18: negative by DKK 21m), largely due to increased operating cash flows and increase in current liabilities. Investment has amounted to net DKK 66m.

Parent Company
The Parent Company generally accounts for 99% - 100% of the Firm. The Firm's development, therefore, in all material respects, corresponds to that of the Parent Company.

Uncertainty relating to recognition and measurement
No special uncertainty has been identified relating to recognition and measurement. For significant accounting judgements and estimates, refer to Note 0.5 to the consolidated financial statements.

Research and development activities
Substantial investments have been made in digital solutions both in the Firm and for our customers. As focus will remain sharp on digitalisation and innovation, we expect to invest further in digitalisation in 2019/20.

Events after the balance sheet date
No events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

Outlook 2019/20
Performance and earnings for the coming year are expected to be on a par with this year. Taking into consideration the general development in the economy and the profession, next year is expected to see satisfactory growth for all business units.

Statement by Management on the annual report

The Board and the Executive Board have today considered and approved the annual report of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 1 June 2018 to 31 May 2019.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C (large) enterprises as governed by the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 May 2019 and of the results of their operations and cash flows for the financial year 1 June 2018 to 31 May 2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28 August 2019

Executive Board

Anders Vad Dons

Board

Gustav Jeppesen Chairman	Erik Holst Jørgensen	Michel Denayer
Jesper Smedegaard Larsen	Mette Behrmann Lamp	Søren Lassen

Independent auditor's report

To the shareholders of Deloitte Statsautoriseret Revisionspartnerselskab

Opinion
We have audited the consolidated financial statements and the parent financial statements of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 01.06.2018 - 31.05.2019, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.05.2019, and of the results of their operations and cash flows for the financial year 01.06.2018 - 31.05.2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Statement on the management commentary
Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Annual report 2018/19 | **Independent auditor's report**

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 28 August 2019

Beierholm
Statsautoriseret Revisionspartnerselskab
Business Registration No 32895468

Philip Heick-Poulsen
MNE no 34280
State Authorised Public Accountant

Statement of comprehensive income for 2018/19

	Consolidated		Parent	
	2018/19 DKK'm	2017 /18 DKK'm	2018/19 DKK'm	2017 /18 DKK'm
Revenue (1.1)	3,731.6	3,428.8	3,699.0	3,420.0
Staff costs (1.2)	(2,288.0)	(2,177.5)	(2,242.7)	(2,170.7)
External expenses (1.3)	(1,324.4)	(1,139.1)	(1.340,6)	(1,137.2)
Depreciation and amortisation (1.4)	(39.9)	(35.0)	(39.0)	(35.0)
Operating profit before special items	**79.3**	**77.2**	**76.7**	**77.1**
Special items (1.5)	22.3	14.5	22.3	14.6
Operating profit	**101.6**	**91.7**	**99.0**	**91.7**
Income from investments in subsidiaries	0.0	0.0	2.2	(0.1)
Financial income (3.6)	0.9	2.7	1.3	2.7
Financial expenses (3.7)	(9.6)	(7.1)	(9.6)	(7.0)
Profit for the year	**92.9**	**87.3**	**92.9**	**87.3**
Comprehensive income for the year	**92.9**	**87.3**	**92.9**	**87.3**

Balance sheet at 31.05.2019

	Consolidated		Parent	
	2019 DKK'm	2018 DKK'm	2019 DKK'm	2018 DKK'm
Goodwill (2.1)	573.5	500.0	519.6	500.0
Intellectual property rights (2.2)	32.1	38.4	30.0	38.4
Completed development projects (2.2)	25.8	27.5	25.8	27.5
Development projects in progress (2.2)	31.3	0.0	31.2	0.0
Intangible assets	**662.7**	**565.9**	**606.6**	**565.9**
Leasehold improvements (2.3)	11.1	10.3	11.1	10.3
Operating equipment and fixtures (2.3)	40.8	32.6	40.2	32.6
Property, plant and equipment	**51.9**	**42.9**	**51.3**	**42.9**
Investments in subsidiaries (2.4)	-	-	58.8	0.0
Deposits and other financial assets (2.4)	42.5	41.1	42.3	41.1
Financial assets (2.4)	**42.5**	**41.1**	**101.1**	**41.1**
Non-current assets	**757.1**	**649.9**	**759.0**	**649.9**
Trade receivables (2.5)	921.0	744.4	914.3	744.4
Contract assets (2.6)	375.4	318.4	373.9	318.4
Receivables from subsidiaries	-	-	12.9	0.0
Receivables from associates (4.4)	17.5	43.1	17.5	43.1
Other receivables	5.2	7.9	3.7	7.9
Prepayments	28.8	23.2	28.8	23.2
Receivables	**1,347.9**	**1,137.0**	**1,351.1**	**1,137.0**
Cash	**32.1**	**2.2**	**27.3**	**2.2**
Current assets	**1,380.0**	**1,139.2**	**1,378.4**	**1,139.2**
Assets classified as held for sale (2.1)	**0.0**	**9.6**	**0.0**	**9.6**
Assets	**2,137.1**	**1,798.7**	**2,137.4**	**1,798.7**

Balance sheet at 31.05.2019
(continued)

	Consolidated		Parent	
	2019 DKK'm	**2018 DKK'm**	**2019 DKK'm**	**2018 DKK'm**
Share capital (3.1)	42.0	42.0	42.0	42.0
Reserve for development projects	-	-	35.9	0.0
Reserve for equity method	-	-	3.0	0.0
Retained earnings	537.9	505.4	499.0	505.4
Equity	**579.9**	**547.4**	**579.9**	**547.4**
Financial liabilities (3.4)	252.0	30.6	252.0	30.6
Employee liabilities (2.7)	8.5	9.4	8.5	9.4
Provisions (2.8)	4.0	6.1	16.7	18.8
Non-current liabilities	**264.5**	**46.1**	**277.2**	**58.8**
Financial liabilities (3.4)	304.3	300.8	304.3	300.8
Employee liabilities (2.7)	635.0	611.0	631.6	611.0
Contract liabilities (2.6)	52.1	37.2	52.1	37.2
Trade payables (3.4)	192.9	148.2	192.3	148.2
Other liabilities (3.4)	108.4	108.0	100.0	95.3
Current liabilities	**1,292.7**	**1,205.2**	**1,280.3**	**1,192.5**
Liabilities	**1,557.2**	**1,251.3**	**1,557.5**	**1,251.3**
Equity and liabilities	**2,137.1**	**1,798.7**	**2,137.4**	**1,798.7**

Consolidated statement of changes in equity for 2018/19

	Share capital DKK'm	**Retained earnings DKK'm**	**Total DKK'm**
Equity at 31.05.2017	**42.0**	**475.8**	**517.8**
Profit for the year	0.0	87.3	87.3
Comprehensive income for the year	**0.0**	**87.3**	**87.3**
Dividend paid	0.0	(57.7)	(57.7)
Equity at 31.05.2018	**42.0**	**505.4**	**547.4**
Profit for the year	0.0	92.9	92.9
Comprehensive income for the year	**0.0**	**92.9**	**92.9**
Dividend paid	0.0	(60.4)	(60.4)
Equity at 31.05.2019	**42.0**	**537.9**	**579.9**

Parent company statement of changes in equity for 2018/19

	Share capital DKK'm	Reserve for dev.projects DKK'm	Reserve for equity method DKK'm	Retained earnings DKK'm	Total DKK'm
Equity at 31.05.2017	**42.0**	**0.0**	**0.0**	**475.8**	**517.8**
Profit for the year	0.0	0.0	0.0	87.3	87.3
Comprehensive income for the year	**0.0**	**0.0**	**0.0**	**87.3**	**87.3**
Dividend paid	0.0	0.0	0.0	(57.7)	(57.7)
Equity at 31.05.2018	**42.0**	**0.0**	**0.0**	**505.4**	**547.4**
Profit for the year	0.0	35.9	3.0	54.0	92.9
Comprehensive income for the year	**0.0**	**35.9**	**3.0**	**54.0**	**92.9**
Dividend paid	0.0	0.0	0.0	(60.4)	(60.4)
Equity at 31.05.2019	**42.0**	**35.9**	**3.0**	**499.0**	**579.9**

Cash flow statement for 2018/19

	Consolidated		Parent	
	2018/19 DKK'm	2017/18 DKK'm	2018/19 DKK'm	2017/18 DKK'm
Operating profit	101.6	91.7	99.1	91.7
Adjustments for non-cash items:				
Depreciation and amortisation (1.4)	39.9	35.0	39.0	35.0
Increase/decrease in provisions	(2.1)	(0.2)	(2.1)	(0.2)
Profit on divestment of activities	(23.5)	0.0	(23.5)	0.0
Other non-cash items	(9.3)	0.0	(9.3)	0.0
Operating cash flow before working capital changes	**106.6**	**126.5**	**103.2**	**126.5**
Increase/decrease in current liabilities	38.8	34.9	62.2	35.8
Increase/decrease in trade receivables and contract assets	(214.2)	(165.5)	(224.2)	(165.7)
Increase/decrease in other receivables	39.5	(10.9)	40.7	(11.7)
Operating cash flow before financial income and expenses	**(29.3)**	**(15.0)**	**(18.1)**	**(15.1)**
Interest income etc. received (3.6)	0.9	1.2	1.3	1.2
Interest expenses etc. paid (3.7)	(8.9)	(7.1)	(8.9)	(7.1)
Cash flows from operating activities	**(37.3)**	**(20.9)**	**(25.7)**	**(21.0)**
Purchase of intangible assets	(48.3)	(11.4)	(48.3)	(11.4)
Purchase of property, plant and equipment	(33.4)	(11.0)	(33.2)	(11.0)
Sale of property, plant and equipment	9.1	4.3	9.0	4.3
Acquisition of businesses (4.1)	(14.8)	0.0	-	-
Acquisition of subsidiaries and capital increase (4.1)	-	-	(31.6)	0.0
Purchase of financial assets	(1.5)	(3.3)	(1.5)	(3.3)
Sale of financial assets	0.0	1.8	0.3	2.0
Divestment of businesses	22.8	30.4	22.8	30.4
Cash flows from investing activities	**(66.1)**	**10.8**	**(82.5)**	**11.0**

(continues on next page)

Cash flow statement for 2018/19
(continued)

	Consolidated		Parent	
	2018/19 DKK'm	**2017/18 DKK'm**	**2018/19 DKK'm**	**2017/18 DKK'm**
Increase/decrease in long-term financial liabilities (3.3)	200.0	0.0	200.0	0.0
Increase/decrease in short-term financial liabilities (3.3)	(6.3)	51.7	(6.3)	51.7
Dividend paid	(60.4)	(57.7)	(60.4)	(57.7)
Cash flows from financing activities	**133.3**	**(6.0)**	**133.3**	**(6.0)**
Increase/decrease in cash and cash equivalents	**29.9**	**(16.1)**	**25.1**	**(16.0)**
Cash and cash equivalents at 01.06.2018	2.2	18.3	2.2	18.2
Cash and cash equivalents at 31.05.2019 (3.5)	**32.1**	**2.2**	**27.3**	**2.2**
Financial resources				
Cash	32.1	2.2	27.3	2.2
Short-term financial liabilities	(246.7)	(250.7)	(246.7)	(250.7)
Long-term financial liabilities	(200.0)	0.0	(200.0)	0.0
Operating credit facilities granted	520.0	270.0	520.0	270.0
Financial resources at 31.05.2019	**105.4**	**21.5**	**100.6**	**21.5**

Credit facilities vary with seasonal fluctuations in the business from DKK 130m to DKK 530m.

Summary of notes to the financial statements

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Note disclosures, description of accounting policies and description of significant accounting judgements and estimates made in preparing the consolidated financial statements are divided into four sections which outline the various elements of the financial statements, including the individual line items. This division means that accounting policies, significant accounting judgements and estimates and monetary specifications are presented together for the individual financial statement items and notes.

For reasons of clarity, descriptions are marked as follows:

§ Accounting policies

Significant accounting judgements and estimates

! Risks

0. Accounting policies in general

0.1 Framework
Deloitte Statsautoriseret Revisionspartnerselskab ("the Company" or "the Parent Company" and together with its subsidiaries "the Group" or "the Firm") is a limited partnership company domiciled in Denmark.

The consolidated financial statements for 2018/19 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports for reporting class C (large) enterprises, see the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

0.2 Changes in accounting policies
A number of new and amended Standards and Interpretations have come into force for financial years beginning on or after 1 June 2018.

IFRS 15 *Revenue from Contracts with Customers* has been applied from 1 June 2018 using the modified retrospective method, according to which the effect of transition (if any) is recognised in equity as from 1 June 2018 with no restatements of comparatives. The basic principle of IFRS 15 is that revenue must be recognised in a manner that reflects the transfer of goods or services to customers by an amount equal to the consideration that the entity expects to be entitled to receive for the delivery of those goods and services. The standard introduces a 5-step approach to revenue recognition and contains more specific guidance compared with the previous standard IAS 18 *Revenue*. The application of IFRS 15 has had no impact on the consolidated financial statements. The Firm's revenue streams etc. are described in more detail in the accounting policies applied for revenue (Note 1.1).

IFRS 9 *Financial Instruments* has been applied from 1 June 2018. IFRS 9 deals with the classification and measurement of financial assets and liabilities and also includes amended provisions relating to hedge accounting and impairment of financial assets. In terms of impairment, IFRS 9 requires the use of an expected credit loss model (ECL model) in measuring loss allowances on receivables in comparison to an incurred loss model under the previous standard IAS 39 *Financial Instruments: Recognition and Measurement*. The introduction of the ECL model using the simplified method of recognising impairment on trade receivables has had an insignificant effect on the loss allowances. Other changes in IFRS 9 compared to IAS 39 are either not relevant for the Firm or have had no impact on the consolidated financial statements.

Other new and amended Standards and Interpretations applicable as from 1 June 2018 have had no effect on the consolidated financial statements.

Following a recent interpretation from the Danish Business Agency, short-term overdraft facilities have been reclassified from "Cash and cash equivalents" to "Cash flows from financing activities" in the consolidated cash flow statements. Comparatives have been adjusted accordingly, resulting in a reclassification of a negative DKK 250.7m at 31 May 2018.

Annual report 2018/19 | **Accounting policies in general**

Apart from this, the accounting policies applied for the consolidated financial statements are unchanged compared to last year.

0.3 Basis of accounting
The consolidated financial statements are presented in Danish kroner, which is the Company's and its subsidiaries' functional currency.

The financial statements are presented using the historical cost convention, except where IFRS specifically requires the use of fair value, refer to the accounting policies described under the individual line items.

0.4 Consolidated financial statements
The consolidated financial statements comprise Deloitte Statsautoriseret Revisionspartnerselskab (Parent Company) and the group enterprises (subsidiaries) that are controlled by the Parent Company, see Company structure on page 58.

The Parent Company controls a subsidiary when the Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is normally obtained if the Parent Company holds more than 50% of the voting rights in the subsidiary.

Enterprises in which the Firm, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates, see Company structure on page 58.

0.5 Significant accounting judgements and estimates
In the process of applying the Firm's accounting policies, certain judgements have been made by Management.

Furthermore, when recognising and measuring items in the financial statements, it is necessary in certain circumstances to make estimates, and to make assumptions, about future events. These estimates and assumptions are based on historical experience and other relevant factors which are considered prudent by Management in the circumstances, but which are inherently uncertain or unpredictable. Actual results may, therefore, vary from these estimates and assumptions. The estimates made and their underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the accounting period in which such changes occur and in future accounting periods if they affect those periods.

In preparing the financial statements, significant judgements have been made for the following:

- Evaluation of principal/agency relationships in terms of revenue recognition and presentation (Note 1.1)
- Presentation of special items in profit or loss (Note 1.5).

Significant accounting estimates have been made for the following elements:

0.5 Significant accounting judgements and estimates (continued)

- Determination of the sales value of contract assets (Notes 1.1 and 2.6)
- Review of goodwill for impairment (Note 2.1)
- Provisions (Note 2.8).

0.6 Foreign currency translation

On initial recognition, foreign currency transactions are translated at the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currency that have not been settled at the balance sheet date, are translated using the exchange rate on the balance sheet date. Exchange differences arising between the transaction date and the payment date and the balance sheet date, respectively, are recognised in the statement of comprehensive income as financial income or financial expenses.

0.7 Taxation

As limited partnership companies, the Company and its major subsidiaries are not independent taxpayers, as the liability to pay tax falls on the Firm's equity partners. Therefore, no current tax or deferred tax is recognised in the consolidated financial statements.

0.8 Standards and Interpretations not yet in force

At the time of presentation of the annual report 2018/19, the IASB and the IFRS Interpretations Committee have issued a number of new Standards and Interpretations and related amendments, which will only enter into force for the Firm's financial years that begin after 31 May 2019. These Standards and Interpretations have, therefore, not been applied in the preparation of the consolidated financial statements for the current year.

IFRS 16 *Leases* will be applied by the Firm as from 1 June 2019. IFRS 16 deals with the accounting treatment of leases and involves for the lessee that all lease contracts (other than short-term lease contracts or those relating to low-value assets) must be recognised in the balance sheet as a right-of-use asset and a corresponding lease liability and that recognised right-of-use assets must be depreciated in the same way as other non-current assets.

The Firm will implement IFRS 16 using the modified retrospective method and will on transition measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepayments and thus will record no effect on retained earnings at 1 June 2019. Based on existing contracts at 31 May 2019 and taking advantage of available exemptions in IFRS 16, the Firm will recognise a right-of-use asset and a corresponding lease liability in the amount of DKK 542.5m. The effect on the consolidated statement of comprehensive income for the financial year 2019/20 is expected to be a decrease in external expenses by DKK 99m, depreciation will increase by DKK 93m, and financial expenses will increase by DKK 6m. The net effect on cash flows from operating activities will be DKK 0m.

Other new and amended Standards and Interpretations are not expected to have a significant impact on future consolidated financial statements.

0.9 Materiality in financial reporting

In connection with the preparation of the annual report, Management assesses how the annual report is to be presented. In this connection, much importance is attached to the content being relevant to the users.

Thus, when presenting the statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement of the consolidated financial statements, it is assessed whether a need exists to disaggregate financial statement line items further or whether it is more appropriate to aggregate amounts etc. and, in doing so, enhance transparency. When preparing the accompanying notes to the consolidated financial statements, the focus is on the content being relevant to the users and on the notes being presented in a clear and informative manner. The assessment, which takes into account the requirements of Danish law, International Financial Reporting Standards and Interpretations, and with the overarching objective that the consolidated financial statements as a whole must give a true and fair view, has entailed that information deemed immaterial by Management has been omitted from the consolidated financial statements.

0.10 Parent Company financial statements

The parent company financial statements for 2018/19 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports for reporting class C (large) enterprises, see the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

The accounting principles applied to the parent company financial statements are similar to those applied to the consolidated financial statements, with the addition of accounting principles for investments in subsidiaries, refer to Note 2.4.

The Parent Company generally accounts for 99% to 100% of the Group. Therefore, note disclosures are generally identical for the Parent Company and the Group or with only immaterial deviations between the Parent Company's and the Group's disclosures.

As a consequence of this, Management has decided to provide note disclosures for the Parent Company only to the extent this is deemed to provide additional, relevant information compared to what is provided in the notes to the consolidated financial statements.

Annual report 2018/19 | **Operating profit or loss**

1. Operating profit or loss

1.1 Revenue from contracts with customers
The Firm generates revenue primarily by delivering to customers the types of professional services offered by the business units of Audit & Assurance, Consulting, Tax & Legal, Risk Advisory and Financial Advisory. The bulk of the Firm's revenue arises from services provided in Denmark.

Each business unit offers a wide range of services and, when delivered to individual customers, these are almost always bespoke in nature. However, the performance obligations tend to be consistent from customer to customer and the ones the Firm most commonly satisfies are:

- External audit services
- Technology solution design and implementation
- Strategy and consulting services
- Direct and indirect tax compliance and advisory services
- Business and compliance services
- Corporate finance advisory
- M&A transactions and related services
- Cyber risk services.

The amount of revenue the Firm receives varies both from service to service and from customer to customer, reflecting the bespoke nature of the services the Firm provides, and typically reflecting the skills and experience of the individuals who provide the services.

The consideration the Firm receives is typically based on one or more of these principal pricing mechanisms:

- Time and materials
- Fixed fee
- Contingent fee.

Most of the Firm's contractual arrangements with customers comprise a single performance obligation. For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated on the basis of the relative estimated stand-alone selling price of each performance obligation.

The Firm has determined that no significant financing component exists in respect of its professional services as the period between when the Firm transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

As a provider of professional services, the Firm is exposed to professional liability claims.

§

Accounting policies
Other than for contingent fees which are constrained in accordance with the requirements of IFRS 15, the Firm has an enforceable right to payment for services rendered and, given the bespoke nature of the services provided, recognises revenue over time as such services are rendered.

The Firm measures progress in satisfying the performance obligations as follows:

- For time and materials arrangements, the Firm recognises revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.
- For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.
- Contingent fees are typically recognised when the contingency is resolved.

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Significant accounting judgements and estimates
Evaluation of principal/agency relationships (accounting judgement)
When a revenue transaction involves a third party in providing goods or services to a customer, the Firm must determine whether the nature of its promise to the customer is to provide the underlying goods or services itself (i.e. the Firm is the principal in the transaction) or to arrange for the third party to provide the underlying goods or services directly to the customer (i.e. the Firm is the agent in the transaction). Due to the complexities of some of these arrangements, this determination may require significant judgement, including an assessment as to whether the Firm controls a specified good or service before it is transferred to a customer. If this is deemed to be the case, the Firm recognises revenue on a gross basis – if not, revenue is recognised on a net basis.

Sales value of contract assets (accounting estimate)
Contract assets in the form of contract work in progress are recognised at the amount equal to the consideration that Management expects the Firm to be entitled to receive for the work carried out at the balance sheet date.

1.1 Revenue from contracts with customers (continued)

At 31 May 2019, the amount of contract assets recognised at sales value totalled DKK 1,767.4m before offsetting of amounts invoiced on account (31 May 2018: DKK 1,704.5m).

	Consolidated		Parent	
	2018/19 DKK'm	2017/18 DKK'm	2018/19 DKK'm	2017/18 DKK'm
Revenue				
Revenue from contracts with customers is broken down by business unit as follows:				
Audit & Assurance	1,278.1	1,305.3	1,269.2	1,296.6
Consulting	1,429.2	1,248.1	1,405.6	1,248.1
Tax & Legal	461.4	417.1	461.4	417.1
Risk Advisory	268.6	234.9	268.5	234.9
Financial Advisory	294.3	223.4	294.3	223.4
	3,731.6	**3,428.8**	**3,699.0**	**3,420.1**

Contract balances
The table below summarises the key changes in the contract assets and liabilities of the Firm during the year:

	Consolidated		Parent	
	Contract assets DKK'm	Contract liabilities DKK'm	Contract assets DKK'm	Contract liabilities DKK'm
At 01.06.2018	318.4	37.2	318.4	37.2
Increase/decrease	57.0	14.9	55.5	14.9
At 31.05.2019	375.4	52.1	373.9	52.1
Change due to business combinations				**0.8**

The amount of revenue recognised in the year that was included in the opening contract liability balance was DKK 37.2m.

1.2 Staff costs

Staff costs comprise salaries, remuneration and social security expenses etc. for the financial year for the Firm's employees and partners, less refunds etc. received from public authorities. Staff costs also include the costs in the financial year for jubilee benefits.

Key Management includes the Firm's management team (Executive), incl. the Executive Board.

	Consolidated		Parent	
	2018/19 DKK'm	2017/18 DKK'm	2018/19 DKK'm	2017/18 DKK'm
Salaries to employees and remuneration to partners	2,194.1	2,101.9	2,169.9	2,095.2
Long-term employee liabilities, refer to Note 2.7	(0.4)	(0.3)	(0.4)	(0.3)
Other social security expenses	18.4	17.9	18.1	17.8
Other staff costs	75.9	58.0	55.1	58.0
	2,288.0	**2,177.5**	**2,242.7**	**2,170.7**
Average no. of full-time employees	2,575	2,513	2,544	2,507
No. of employees at year-end	2,803	2,717	2,755	2,707
Total remuneration to Key Management incl. remuneration to the Executive Board	**85.6**	**96.6**	**-**	**-**

Remuneration to Key Management consists of remuneration to partners. No specific directors' fees were paid to members of the Firm's Board of Directors. Remuneration to the Executive Board for 2018/19 and 2017/18 is not disclosed as remuneration has been paid to one person only.

1.3 External expenses

External expenses for the financial year comprise costs of administration, premises, training and continuing education, marketing, bad debts, etc. and work carried out by subcontractors.

	2018/19 DKK'm	2017/18 DKK'm
Work carried out by subcontractors, including other Deloitte member firms	**718.1**	**568.5**

1.4 Depreciation and amortisation

Intangible assets are amortised and items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives, which are as follows:

Intellectual property rights	1-10 years
Completed development projects	1-10 years
Operating equipment and fixtures	3-8 years

The maximum depreciation period for leasehold improvements is the agreed lease period.

Depreciation and amortisation methods, useful lives and residual values are reviewed annually.

	2018/19 DKK'm	2017/18 DKK'm
Depreciation and amortisation		
Intellectual property rights	11.6	8.9
Completed development projects	12.3	11.4
Leasehold improvements	1.8	1.5
Operating equipment and fixtures	16.8	12.3
Profit and loss on sale of non-current assets	(2.6)	0.9
	39.9	**35.0**

Annual report 2018/19 | **Operating profit or loss**

1.5 Special items

Accounting policies §

Special items are used to present exceptional profit or loss items that are not expected to be of a recurring nature and due to their size or nature differ with respect to the profit fluctuations generally expected in the Firm, including gains or losses resulting from strategic restructuring decisions etc.

Significant accounting judgement

Presentation of special items

The classification of items as "special items" is based on Management's judgement of whether or not the items in question are expected to be recurring, and whether, by their size or nature, they differ with respect to the profit fluctuations that can be generally expected in the Firm.

	2018/19 DKK'm	2017/18 DKK'm
Profit on divestment of activities	15.1	13.1
Profit on disposal of client relationships	1.8	3.4
Provision for onerous property lease contracts	(1.2)	(2.0)
Settlement of earn-out obligation (refer to Note 2.1)	6.6	0.0
	22.3	**14.5**

2. Operating assets and liabilities

2.1 Goodwill

Accounting policies

On initial recognition, goodwill is recognised and measured as described in Note 4.1, *Acquisition and divestment of businesses.*

Goodwill is not amortised but tested annually at financial year-end for impairment, based on a determination of the recoverable amount for goodwill, see below. The recoverable amount is determined irrespective of whether any indication of impairment has been identified. If the carrying amount is higher than the recoverable amount determined, the carrying amount is written down to recoverable amount.

The recoverable amount is determined as the value-in-use of the cash generating units to which the amounts of goodwill are allocated. When determining the value-in-use, estimated future cash flows are discounted to present value.

Significant accounting estimates

Indication of impairment

The determination of the value-in-use is based on Management's estimates of the expected future cash flows in each cash generating unit and the determination of a discount rate. These estimates are subject to some uncertainty, and changes therein may have a significant effect on the consolidated financial statements in terms of whether an impairment loss should be recognised and, if applicable, by what amount.

The carrying amount of goodwill amounts to DKK 573.5m at 31 May 2019 (31 May 2018: DKK 500.0m). Neither this financial year nor last financial year identified any indication of impairment of goodwill.

For more details about the assumptions, discount rates etc. used in determining the value-in-use of the defined cash generating units, see the description below.

Annual report 2018/19 | **Operating assets and liabilities**

	Consolidated	Parent
	Goodwill DKK'm	Goodwill DKK'm
Cost at 01.06.2017	509.1	509.1
Additions	0.5	0.5
Transferred to assets classified as held for sale	(9.6)	(9.6)
Cost at 31.05.2018	**500.0**	**500.0**
Carrying amount at 31.05.2018	**500.0**	**500.0**
Cost at 01.06.2018	500.0	500.0
Additions	13.3	13.3
Additions from business combinations	53.9	0.0
Reclassified from assets classified as held for sale	6.3	6.3
Cost at 31.05.2019	**573.5**	**519.6**
Carrying amount at 31.05.2019	**573,5**	**519,6**

Besides additions from the acquisition of Struensee & Co. Management Consulting P/S (refer to Note 4.1), additions for the year include DKK 9.3m regarding an adjustment of additions in the financial year 2015/16. The reason for this adjustment is an error in the original determination of fair value of a related earn-out liability for which it was impracticable to estimate the subsequent development in its fair value. The liability was finally settled in the financial year 2018/19, and the matter was adjusted by recognising additional goodwill in the 2018/19 financial statements and a special item in profit or loss by DKK 6.6m.

2.1 Goodwill (continued)

The carrying amount of goodwill is allocated to the following cash generating units, corresponding to the Firm's business units:

	Consolidated		Parent	
	2019 DKK'm	2018 DKK'm	2019 DKK'm	2018 DKK'm
Goodwill				
Audit & Assurance	384.6	374.3	384.6	374.3
Consulting	135.4	81.5	81.5	81.5
Tax & Legal	18.6	18.6	18.6	18.6
Risk Advisory	34.4	25.1	34.4	25.1
Financial Advisory	0.5	0.5	0.5	0.5
	573.5	**500.0**	**519.6**	**500.0**

Determination of recoverable amount

When determining value-in-use for cash generating units to which goodwill s allocated, the expected future cash flows have been used that can be derived from Management-a, proved budgets for the coming financial year. These budgets have been projected for the following four financial years using estimated growth rates etc., so that the budget and forecast periods cover a total of five financial years. For accounting periods after the forecast period (terminal period), estimated normalised cash flows in the last forecast period have been subjected to extrapolation. When calculating the cash flows, remuneration to equity partners is included at an estimated amount based on the average remuneration to non-equity partners.

The main uncertainties in determining the value-in-use are related to the determination of discount rates, growth rates and earnings margins in the budget and forecast periods as well as in the terminal period.

The discount rates determined reflect the risk-free interest rate at the balance sheet date and the estimated specific risks associated with the assets and cash flows of each cash generating unit. The discount rate is determined on the basis of the assessed Weighted Average Cost of Capital (WACC) for each cash generating unit. The pre-tax discount rates applied to Audit & Assurance and Risk Advisory is 9.0% (2017/18: 9.3%). For Tax & Legal, Consulting and Financial Advisory, the discount rates used are 9.3%, 9.6% and 9.9%, respectively (2017/18: 9.5%, 10.0% and 10.2%, respectively).

The growth rates and earnings margins used are based on Management's expectations for the development of the respective business units during the budget and forecast periods and the terminal period. These expectations are based on previous experience, budgets, defined strategic goals, etc.

The terminal period growth rate used is not estimated to exceed the average long-term growth rates for the markets as a whole. The terminal period growth rate is 1.5% (2017/18: 1.5%).

2.2 Other intangible assets

Accounting policies

Other intangible assets comprise completed and development projects in-progress and acquired intellectual property rights in the form of software rights, client contracts and brands.

Development projects on clearly defined and identifiable systems and processes etc., for which the technical utilisation rate, sufficient resources and future economic benefits can be established and where the intention is to complete the project and use the intangible asset, are recognised as intangible assets, which are amortised over their expected useful lives. Other development costs are recognised as costs in profit or loss when incurred.

The cost of development projects comprises costs, including salaries and depreciation or amortisation of assets that are directly attributable to the development projects. Amortisation of completed development projects commences when the asset is available for its intended use.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Other intangible assets are reviewed annually for any indication of impairment. Development projects in-progress are tested once a year for impairment. If it is not possible to estimate the recoverable amount of the individual project, the recoverable amount is determined for the cash generating unit to which the project belongs. Impairment tests are carried out applying the same policies as described above for goodwill.

2.2 Other intangible assets (continued)

	Intellectual property rights DKK'm	Completed development projects DKK'm	Development projects in progress DKK'm
Cost at 01.06.2017	58.5	115.5	0.0
Addition	10.9	0.0	0.0
Cost at 31.05.2018	**69.4**	**115.5**	**0.0**
Amortisation and impairment losses at 01.06.2017	(22.1)	(76.6)	0.0
Amortisation for the year	(8.9)	(11.4)	0.0
Amortisation and impairment losses at 31.05.2018	**(31.0)**	**(88.0)**	**0.0**
Carrying amount at 31.05.2018	**38.4**	**27.5**	**0.0**
Cost at 01.06.2018	69.4	115.5	0.0
Additions from business combinations	2.9	0.0	0.0
Other additions	2.5	0.0	41.8
Transfer	0.0	10.5	(10.5)
Cost at 31.05.2019	**74.8**	**126.0**	**31.3**
Amortisation and impairment losses at 01.06.2018	(31.1)	(88.0)	0.0
Amortisation for the year	(11.6)	(12.2)	0.0
Amortisation and impairment losses at 31.05.2019	**(42.7)**	**(100.2)**	**0.0**
Carrying amount at 31.05.2019	**32.1**	**25.8**	**31.3**

All other intangible assets are considered to have definite useful lives over which the assets are amortised, refer to Note 1.4. No indication of impairment is deemed to exist for these assets.

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2.3 Property, plant and equipment

Accounting policies

Leasehold improvements, operating equipment and fixtures are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly related to the acquisition, and costs for preparing the asset up to the date when the asset is ready to be put into operation.

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The depreciation base is the asset's cost net of its expected residual value after the end of its useful life. Assets are amortised on a straight-line basis over their expected useful lives, refer to Note 1.4. It is assessed annually whether any changes to residual values and depreciation periods should be made.

Items of property, plant and equipment are reviewed annually for any indication of impairment. Impairment tests are carried out applying the same policies as described above for goodwill.

	Leasehold improvements DKK'm	Operating equipment and fixtures DKK'm
Cost at 01.06.2017	15.3	142.9
Additions	1.4	9.5
Disposals	0.0	(12.8)
Cost at 31.05.2018	**16.7**	**139.6**
Depreciation and impairment losses at 01.06.2017	(4.9)	(102.3)
Depreciation for the year	(1.5)	(12.3)
Reversal regarding disposals	0.0	7.6
Depreciation and impairment losses at 31.05.2018	**(6.4)**	**(107.0)**
Carrying amount at 31.05.2018	**10.3**	**32.6**
Cost at 01.06.2018	16.7	139.6
Additions from business combinations	0.0	0.5
Other additions	4.1	29.3
Disposals	(2.5)	(35.2)
Cost at 31.05.2019	**18.3**	**134.2**
Depreciation and impairment losses at 01.06.2018	(6.4)	(107.0)
Depreciation for the year	(1.8)	(16.8)
Reversal regarding disposals	1.0	30.4
Depreciation and impairment losses at 31.05.2019	**(7.2)**	**(93.4)**
Carrying amount at 31.05.2019	**11.1**	**40.8**

No indication of impairment is deemed to exist for these assets.

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2.4 Non-current financial assets

Accounting policies

Non-current financial assets consist of investments in associates and deposits in connection with the inception of lease contracts, which are repaid when such contracts expire. As a rule, the deposits are indexed on an annual basis. The amounts are recognised as collateral and are measured at cost.

Deloitte Statsautoriseret Revisionspartnerselskab holds 20% of the shares in the associate Deloitte Nordic A/S and 40% of the shares in the associate Deloitte Nordic Holding ApS, both registered in Copenhagen. The purpose of these companies is for the Nordic Deloitte member firms to share investments and costs related to joint investments in activities, business development and development of market activities. These companies are therefore not expected to make either profits or losses. The companies are recognised according to the equity method, and Deloitte Statsautoriseret Revisionspartnerselskab's share of net profit in these companies amounts to DKK 0.0m for 2018/19 (2017/18: DKK 0.0m). The share of the companies' total equity is DKK 0.1m (31 May 2018: DKK 0.1m), which has been recognised as a non-current financial asset.

Investments in subsidiaries are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the subsidiaries' equity value plus positive goodwill and less unrealised intra-group profits.

The Parent Company's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits is recognised in the statement of comprehensive income.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent Company's share of such negative equity value to the extent the receivable is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised in provisions if the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise and expects to incur a loss due to such obligation.

Positive net revaluation of investments in subsidiaries is transferred to reserve for net revaluation according to the equity method in equity.

The purchase method is applied in the acquisition of investments in subsidiaries; refer to description in Note 4.1 to the consolidated financial statements.

Investments in subsidiaries

	Parent
	Investments in subsidiaries DKK'm
Cost at 01.06.2017	0.5
Additions	0.0
Cost at 31.05.2018	**0.5**
Adjustment at 01.06.2017	(0.5)
Share of profit for the year	0.0
Adjustment at 31.05.2018	**(0.5)**
Carrying amount at 31.05.2018	**0.0**
Cost at 01.06.2018	0.5
Additions	56.6
Cost at 31.05.2019	**57.1**
Adjustment at 01.06.2018	(0.5)
Share of profit for the year	2.2
Adjustment at 31.05.2019	**1.7**
Carrying amount at 31.05.2019	**58.8**

Investments in subsidiaries comprise:

- Struensee & Co. Komplementar ApS, Magstræde 6, 1204 Copenhagen, Denmark, 100%
- Struensee & Co. Management Consulting P/S, Magstræde 6, 1204 Copenhagen, Denmark, 100%
- Deloitte PensionManagement Brokers P/S, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%

Negative equity of subsidiary DKK 12.7m (2017/18: DKK 12.7m) is recognised as provisions.

2.5 Receivables
Accounting policies
Receivables comprise trade receivables and other receivables.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually equals the nominal value less any write-downs for bad debts. Write-downs of trade receivables are recognised based on a provision matrix reflecting past experience etc. Refer also to Note 3.4 for a description of credit risks.

	2019 DKK'm	2018 DKK'm
Trade receivables	941.0	759.2
Allowance for expected lifetime credit losses	(20.0)	(14.8)
Net trade receivables	**921.0**	**744.4**
Not due for payment	684.2	545.7
Overdue less than 30 days	156.4	119.7
Overdue 31 – 60 days	30.0	28.7
Overdue 61 – 90 days	12.8	13.7
Overdue 91 – 120 days	10.2	10.5
Overdue more than 121 days	47.4	40.9
Trade receivables	**941.0**	**759.2**
Write-down of trade receivables		
Write-down at 01.06	14.9	17.4
Additions	11.8	8.0
Reversals	(4.0)	(8.1)
Realised	(2.7)	(2.5)
Write-down at 31.05	**20.0**	**14.8**

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	Expected default rate %	Balance DKK'm	Write-down DKK'm
Not due for payment	0.1	684.2	0.8
Overdue less than 30 days	0.3	156.4	0.5
Overdue 31 – 60 days	0.3	30.0	0.1
Overdue 61 – 90 days	1.2	12.8	0.1
Overdue 91 – 120 days	1.2	10.2	0.1
Overdue more than 121 days	38.9	47.4	18.4
Trade receivables		**941.0**	**20.0**

The expected default rates for the periods not due for payment and overdue by up to four months are based on historical experience. The expected default rate for the period overdue more than four months is based on an individual assessment of incurred loss or a general expected default rate of 50% if losses on the receivables are not considered incurred.

2.6 Contract assets
Accounting policies
Contract assets are measured at the sales value of the work performed at the balance sheet date, net of amounts invoiced on account. For time and materials arrangements, the Firm can recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.

For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.

Each contract asset is recognised in the balance sheet in receivables or liabilities, depending on whether the net asset value, calculated as the sales value less amounts invoiced on account, is positive or negative.

Significant accounting judgements and estimates
The sales value of the work carried out at the balance sheet date is determined based on time spent and Management's assessment of the fee value thereof.

Contract assets (continued)

	2019 DKK'm	2018 DKK'm
Contract assets at sales value	1,767.4	1,704.5
Invoiced on account	(1,444.1)	(1,423.3)
	323.3	**281.2**
Net value is recognised in the balance sheet as follows:		
Contract assets	375.4	318.4
Contract liabilities	(52.1)	(37.2)
	323.3	**281.2**

No impairment losses have been recognised for contract assets.

Outstanding performance obligations

In all business units apart from Audit & Assurance, both the customer and Deloitte generally have the right to terminate the contract applying a notice period of up to three months. Therefore, as per IFRS 15, contracts in these business units are exempt from the requirement to disclose outstanding performance obligations, as the expected duration of the contracts is less than one year.

In Audit & Assurance, the contracts with customers generally have a duration of more than one year. However, an analysis of the recognised revenue for the last three financial years shows that only between 1% and 4% of a given year's revenue relate to contracts which were set up more than one year before the financial year in question. For this reason, no further disclosure of outstanding performance obligations is considered necessary.

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2.7 Employee liabilities

Accounting policies

Employee liabilities comprise amounts payable under bonus plans etc., incl. residual payments to partners, holiday pay obligations and provisions for jubilee benefits etc.

Provisions for jubilee benefits etc.

It is the Firm's policy to grant a jubilee benefit on 25-year and 40-year anniversaries of employment with Deloitte corresponding to 1 and 1½ month's salary, respectively. Expected future jubilee benefits for the Firm's partners and employees are recognised based on an actuarial calculation of the present value of expected jubilee benefits based on the current salary levels as well as expected future salary increases and time of termination of service.

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	2019 DKK'm	2018 DKK'm
Provisions for jubilee benefits at 01.06.2018	9.4	10.2
Adjustment for the financial year	0.6	0.7
Interest expenses	0.2	0.2
Actuarial (gains)/losses	(1.2)	(1.1)
Jubilee benefits paid	(0.5)	(0.6)
Provision for jubilee benefits at 31.05.2019	**8.5**	**9.4**
Long-term employee liabilities at 31.05.2019	**8.5**	**9.4**
Recognised in staff costs for the financial year	**(0.4)**	**(0.3)**

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2.8 Provisions

Accounting policies

Provisions comprise expected costs in connection with known professional liability claims and onerous lease contracts for which the decision has been made to vacate the premises.

Provisions for professional liability claims are measured as the best estimate of the costs required to settle the claims on the balance sheet date, based on Management's assessment of the specific circumstances in each case and after offsetting any insurance cover.

Provisions for lease contracts are measured as the contractual rental obligation for the remaining non-cancellable period, reduced by Management's best estimate of any sublease income.

Estimated net costs expected to be incurred more than one year after the balance sheet date are discounted to present value if this has a material effect on the measurement of the liability.

	2019 DKK'm	2018 DKK'm
Professional liability claims at 01.06.2018	3.4	4.8
Used in the financial year	(0.2)	(0.1)
Reversed in the financial year	(2.0)	(3.4)
Provisions in the financial year	1.5	2.1
Professional liability claims at 31.05.2019	**2.7**	**3.4**

2.8 Provisions (continued)

	2019 DKK'm	2018 DKK'm
Onerous lease contracts at 01.06.2018	2.8	1.7
Used in the financial year	(2.7)	(1.0)
Provisions in the financial year	1.2	2.0
Onerous lease contracts at 31.05.2019	**1.3**	**2.7**
Provisions at 31.05.2019	**4.0**	**6.1**

The outcome and timing of settlement of professional liability claims are inherently uncertain, but most of the claims are assessed as being closed in full within the next three to four years. The liabilities are presented after offsetting insurance cover, as information about expected claims etc. is considered to seriously prejudice the position of the Firm. Onerous property lease contracts are expected to be settled within the next ten years.

2.9 Rental and lease liabilities
The Firm has entered into property lease contracts as well as operating lease contracts regarding copiers/printing equipment and vehicles.

The Firm has lease liabilities relating to properties subject to a non-cancellable period of between 0 month and 14 years. Other lease contracts can be terminated by giving a notice of up to 59 months. Certain lease contracts stipulate annual rent adjustments relative to price indexes etc., but they have only negligible effects on the financial statements.

	2019 DKK'm	2018 DKK'm
Minimum rent and lease payments	122.0	94.2
Sublease income	(4.3)	(3.2)
Rental and lease payments recognised in profit or loss	**117.7**	**91.0**
Future minimum rental and lease payments fall due as follows:		
Within 1 year	108.3	94.2
Between 1-5 years	333.4	287.5
More than 5 years	96.7	218.4
	538.4	**600.1**

Out of the future minimum rental and lease payments, DKK 1.3m (2017/18: DKK 2.7m) has been recognised as onerous property lease contracts, refer to Note 2.8.

3. Capital structure and financing

3.1 Share capital

	2019 DKK'm	2018 DKK'm
The share capital is made up of:		
A shares, 105 shares at a nominal value of DKK 0.4m	**42.0**	**42.0**

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3.2 Dividend
Accounting policies
Dividend is recognised as a liability at the time of declaration at the Annual General Meeting.

For the financial year 2018/19, the Board of Directors has proposed a dividend of DKK 60.4m (2017/18: DKK 60.4m), equivalent to DKK 0.6m per share (2017/18: DKK 0.6m per share), which will be paid to the equity partners after the Firm's Annual General Meeting on 30 October 2019, provided that the Annual General Meeting adopts the Board of Directors' proposal. As the dividend is conditional upon adoption by the Annual General Meeting, it has not been recognised as a liability in the balance sheet at 31 May 2019.

3.3 Financial liabilities

Accounting policies

Financial liabilities comprise debt instruments, payables to credit institutions and other lenders, deferred consideration for business acquisitions, accounts payable and other payables.

On initial recognition, financial liabilities are measured at fair value, which usually corresponds to the proceeds received, less any transaction costs. Subsequently, contingent consideration for business acquisitions is measured at fair value through profit or loss, while other financial liabilities are measured at amortised cost.

	2019 DKK'm	2018 DKK'm
VAT, A tax and social security expenses	96.7	84.0
Other expenses payable	11.7	24.0
Other liabilities at 31.05.2019	**108.4**	**108.0**
Financial liabilities at 01.06.2018, refer to Note 3.4	331.4	279.7
Net borrowings in long-term financial liabilities, refer to cash flow statement	200.0	0
Net borrowings in short-term financial liabilities, refer to cash flow statement	(6.3)	51.7
Deferred consideration	31.2	0
Financial liabilities at 31.05.2019, refer to Note 3.4	**556.3**	**331.4**

Annual report 2018/19 | **Capital structure and financing**

3.4 Financial instruments and risks etc.

Categories of financial instruments

	2019 DKK'm	2018 DKK'm
Trade receivables	921.0	744.4
Receivables from associates	17.5	43.1
Other receivables	5.2	7.9
Cash	32.1	2.2
Financial assets measured at amortised cost	**975.8**	**797.6**
Financial liabilities	545.1	331.4
Trade payables	192.9	148.2
Other liabilities	108.4	108.0
Financial liabilities measured at amortised cost	**846.4**	**587.6**

The fair value of financial instruments measured at amortised cost is estimated to be equivalent to the carrying amount.

Contingent consideration for business acquisitions	11.2	0
Financial liabilities measured at fair value through profit and loss	**11.2**	**0**

Policy for managing financial risks

Management continuously monitors the Firm's financial risks and coordinates its cash management, including funding. The Firm is not exposed to significant financial risks, see below.

Currency risks

The Firm's sales transactions are mainly conducted in Danish kroner. 22% of total revenue is denominated in foreign currencies (2017/18: 9%), primarily in USD, EUR and GBP.

Services purchased abroad, such as insurance, and services purchased from other Deloitte member firms primarily take place in USD, EUR and GBP. In the financial year, services purchased in USD totalled DKK 93.7m, in EUR they totalled DKK 416.1m and in GBP they totalled DKK 406.0m (2017/18: DKK 82.0m in USD, DKK 308.0m in EUR and DKK 278.0m in GBP). At the balance sheet date, the Firm has net receivables of DKK 20.1m in USD (2017/18: net receivables of DKK 6.3m), net receivables of DKK 154.5m in EUR (2017/18: net receivables of DKK 78.1m) and net receivables of DKK 30.0m in GBP (2017/18: net payables of DKK 25.6m). All things being equal, earnings and equity would be affected by DKK 1.0m (2017/18: DKK 0.5m), if the USD exchange rate had increased by 10% at the balance sheet date. If the GBP exchange rate had increased by 10%, it would have an impact on earnings and equity by DKK 0.4m (2017/18: DKK 1.6m). Reasonably possible changes in the EUR exchange rate would only have an insignificant impact on the Firm's earnings and equity.

3.4 Financial instruments and risks etc. (continued)

Interest rate risks
As a result of its financing activities, the Firm is exposed to fluctuations in interest rate levels in Denmark. The interest rate risk has not been hedged. The Firm's net interest-bearing debt at the balance sheet date consists of floating-rate liquid assets (bank deposits) of DKK 32.1m (2017/18: DKK 2.2m) and financial liabilities of DKK 556.2m (2017/18: DKK 331.4m). All things being equal, earnings and equity would be affected by DKK 1.8m (2017/18: DKK 1.6m), if the interest rate would increase by 0.5 percentage points.

Credit risks
As a result of its operations, the Firm is exposed to credit risks, which mainly relate to trade receivables, contract assets, and bank deposits. The maximum credit risk is consistent with the carrying amount of these items.

The bank deposits, which are placed with well-established credit institutions, are not considered to be subject to particular credit risk.

Trade receivables are monitored on an ongoing basis, including an individual assessment of the risk of bad debts.

Before write-down, trade receivables amount to DKK 941.0m at 31 May 2019 (31 May 2018: DKK 759.2m). These receivables have been written down by a total of DKK 20.0m (31 May 2018: DKK 14.8m) to match the lifetime expected credit loss, refer to Note 2.5. Impairment losses amount to an average of 2.1% of the total receivables (31 May 2018: 2.0%).

Liquidity risks
The Firm has primarily financed its activities through overdraft facilities with credit institutions with related undrawn credit facilities and other short-term and long-term financial liabilities.

The Firm's activities are not deemed to involve any particular liquidity risk, and its borrowing and credit facilities are not subject to special terms or conditions.

The Firm's financial liabilities fall due as specified below, where the amounts reflect the non-discounted nominal amounts that fall due in accordance with the contracts entered into, including future interest payments calculated based on current market conditions.

Because of, for example, seasonal fluctuations in the Firm's activities, its liquidity requirements vary over the financial year. Allowance is made for these seasonal fluctuations by securing sufficient credit facilities etc. In addition, the equity partners' remuneration is profit-related, and the Firm's liquidity requirements to settle this remuneration is, therefore, dependent on the results realised by the Firm.

Liquidity risks

	0-1 years DKK'm	1-5 years DKK'm	> 5 years DKK'm	Total 31.05 DKK'm	Carrying amount 31.05 DKK'm
2019					
Financial liabilities	307.5	234.5	24.9	566.9	556.3
Trade payables	192.9	0.0	0.0	192.9	192.9
Other liabilities	108.4	0.0	0.0	108.4	108.4
Employee liabilities	643.5	0.0	0.0	643.5	643.5
Financial liabilities etc.	**1,252.3**	**234.5**	**24.9**	**1,511.7**	**1,501.1**
2018					
Financial liabilities	320.6	9.5	25.6	355.7	331.4
Trade payables	148.2	0.0	0.0	148.2	148.2
Other liabilities	108.0	0.0	0.0	108.0	108.0
Employee liabilities	620.4	0.0	0.0	620.4	620.4
Financial liabilities etc.	**1,197.2**	**9.5**	**25.6**	**1,232.3**	**1,208.0**

Optimal capital structure
It is the Firm's policy to distribute earnings on a regular basis, if possible, with due consideration of the need for consolidation, to its equity partners as profit-related remuneration which is recognised in staff costs in the financial statements. Management regularly monitors the Firm's capital structure.

3.5 Cash and cash equivalents

Accounting policies

The cash flow statement shows cash flows from operating, investing and financing activities and cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are presented using the indirect method.

Cash and cash equivalents comprise cash.

3.6 Financial income

	2018/19 DKK'm	2017/18 DKK'm
Interest income	0.9	1.2
Net foreign currency translation adjustments	0.0	1.5
Financial income	**0.9**	**2.7**

3.7 Financial expenses

Interest expenses	8.9	7.1
Net foreign currency translation adjustments	0.7	0.0
Financial expenses	**9.6**	**7.1**

4. Other notes

4.1 Acquisition and divestment of businesses

Accounting policies

Acquisition of businesses
Businesses acquired from third parties are recognised in the financial statements from the time of acquisition, which is the date when control of the business is actually obtained, and by using the purchase method under which the newly acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Cost of businesses acquired before 1 June 2010 has been calculated at fair value of the agreed consideration plus the costs directly attributable to the acquisition of the business.

For businesses acquired on or after 1 June 2010, cost is calculated as the fair value of the agreed consideration, including any contingent consideration. Costs directly attributable to the acquisition of the business are recognised in profit or loss as and when incurred.

If the final amount of the consideration agreed is conditional on one or more future events, the consideration payable is recognised at fair value at the acquisition date. Subsequent changes therein are recognised as financial items in profit or loss.

Positive differences between cost of the acquired business and fair value of the acquired assets, liabilities and contingent liabilities are recognised as goodwill which is allocated to the relevant cash generating units, which are consistent with the Firm's business units. This allocation serves as a basis for the subsequent impairment test, refer to Note 2.1.

Divestment of businesses
Businesses and activities that are divested are recognised in the financial statements until the time of divestment, which is the date of actual transfer of control of the business.

Profits on the divestment of businesses and activities are calculated as the difference between fair value of the sales proceeds and carrying amount of net assets in the business at the date of divestment, including a proportionate share of goodwill associated with the relevant cash generating unit. Profits or losses are recognised in profit or loss at the date of divestment.

Struensee
As of 27 June 2018, the Firm acquired Struensee & Co. Management Consulting P/S, whose primary activity is management consultancy and other operations management advisory. With this acquisition, the Firm is strengthening its consulting business by unique strategic capabilities directed at the public sector.

The business acquired has in the reporting period and from the date of acquisition generated a revenue of DKK 28.5m and a profit of DKK 3.0 m. Which is included in the consolidated statement of comprehensive income. As the business acquired does not have the same accounting period as the Firm, it has been impracticable to disclose the revenue and profit as if the business combination had occurred at the beginning of the financial year.

Net assets in the acquired business and the cash flow effect of the acquisition is made up as follows:

Name	Primary activity	Date of acquisition	Consideration DKK'm
Struensee & Co. Management Consulting P/S	Management consultancy and other operations management advisory	27 June 2018	17.5

	Total DKK'm
Intangible assets	2.9
Property, plant and equipment	0.4
Financial assets	0.2
Non-current assets	**3.5**
Trade receivables	5.3
Other receivables	0.2
Cash	2.7
Current assets	**8.2**
Financial liabilities	(9.2)
Other payables	(13.9)
Current liabilities	**(23.1)**
Goodwill	**53.9**
Total consideration	**42.5**
Deferred contingent consideration	(11.2)
Deferred consideration	(20.0)
Prepaid staff costs	6.2
Cash consideration	**17.5**
Cash acquired	(2.7)
Cash flow effect of acquisition	**14.8**

Annual report 2018/19 | Other notes

4.1 Acquisition and divestment of businesses (continued)

The deferred contingent consideration may be a nominal maximum amount of DKK 22.8m and a minimum amount of DKK 0 depending on realised revenue from the acquired business.

Goodwill relates primarily to employee capabilities etc. that cannot be recognised as separate assets.

As a result of our strategy to gather our activities in eight nationwide offices, the activities of our Slagelse office were divested with effect from 1 August 2018 resulting in a profit of approx. DKK 14m.

	Total DKK'm
Non-current assets	(3.8)
Current assets	(2.2)
Current liabilities	4.5
Net assets disposed of	**(1.5)**
Profit excluding provision	(21.3)
Cash flow effect of divestment	**(22.8)**

4.2 Contingent liabilities etc.
The Firm is party to various lawsuits and disputes. Provisions have been made for estimated costs related to known claims for damages, refer to Note 2.8.

4.3 Fees to the auditor elected at the Annual General Meeting

	Consolidated		Parent	
	2018/19 DKK'm	2017/18 DKK'm	2018/19 DKK'm	2017/18 DKK'm
Other external costs include fees to the Group's auditor elected at the Annual General Meeting in the amount of:				
Statutory audit	0.5	0.5	0.4	0.5
Other assurance engagements	0.1	0.0	0.0	0.0
	0.6	**0.5**	**0.4**	**0.5**

4.4 Related parties

Related parties
No party has control of the Firm.

Related party transactions
Remuneration to Key Management is disclosed in Note 1.2.

Key Management has directly or indirectly received dividend, refer to Note 3.2.

Interest-bearing debt to Key Management at 31 May 2019 amounts to DKK 5.6m (31 May 2018: DKK 5.4m). The related interest expenses amount to DKK 0.1m for 2018/19 (2017/18: DKK 0.1m).

Receivables from associates at 31 May 2019 total DKK 17.5m (31 May 2018: DKK 43.1m). The related interest income amount to DKK 0.1m for 2018/19 (2017/18: DKK 0m).

Deloitte General Partner ApS is the general partner of the Firm and has received a payment of DKK 3k for its general partner liability for the financial year 2018/19 (2017/18: DKK 3k).

4.5 Authorisation of the annual report for issue
The Board of Directors has authorised this annual report for issue at the Board meeting on 28 August 2019. The annual report will be submitted to the Firm's equity partners for adoption at the Annual General Meeting on 30 October 2019.

4.6 Events after the balance sheet date
No events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

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