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## **Det Nordiske Kernesikkerhedsprogram**

**Long-form audit report of 30 March 2011 regarding the  
2010 financial statements**

## Long-form audit report

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### 1 Audit of the Financial Statements

#### 1.1 Introduction

As auditors of Det Nordiske Kernesikkerhedsprogram (in the following referred to as 'NKS'), we have audited the financial statements for the financial year 1 January 2010 - 31 December 2010, prepared by the NKS Secretariat (in the following referred to as 'the Secretariat'). Our audit comprised the income statement, balance sheet, notes and financial survey for 2010 .

The financial statements show the following profit, assets and equity:

<b>DKK / EUR</b>	<b>Year under review</b>	<b>Last year</b>
Profit for the year	582,425 / 78,132	-462,479 / -62,149
Equity	6,446,196 / 864,750	5,863,771 / 787,982

#### 1.2 Scope and performance of the audit

The purpose, organisation and performance of the audit, the auditor's responsibilities and reporting, as well as management's responsibilities are unchanged; we refer to our Letter of Engagement of 30 March 2011.

The audit of the financial statements was conducted primarily after the end of the financial year.

The audit comprised such elements as a review and assessment of some of the key business procedures, a sampling review of accounting and voucher material, analysis of the items of the income statement, as well as a review and assessment of the company's balance sheet as at 31 December 2010 cf. item 2.1.

#### 1.3 Auditor's Opinion based on the performed audit

The audit has not given rise to any qualifications of significance to the auditor's opinion.

Special aspects of the presentation of the financial statements are dealt with in the following, cf. below.

Provided that the financial statements are approved in their present wording and presentation and that, as a result of the NKS Board's discussion and approval of the financial statements, no further, significant information arises which would materially affect the financial statements, we will provide the financial statements with an unmodified audit opinion.

### 2 Comments regarding the audit performed and the 2010 financial statements

#### 2.1 Risk assessment and audit strategy

Our audit was planned and performed in accordance with generally accepted government auditing standards. In addition to our audit of the financial statements, we reviewed and assessed whether due financial care is shown in the management of the funds comprised by the financial statements.

During our audit of the financial statements, we checked whether the financial statements are free of material misstatement and discrepancies We compared the financial statements to the underlying bookkeeping records and checked the compliance of the financial statements with applicable rules and regulations, agreements and common practice.

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The performance audit was conducted and integrated in parallel with the financial audit and has included audits of agreements and contracts, reports, analysis of expenditure and revenue items and analysis of budget deviations on a sample basis.

### **2.2 Discussions with the management about fraud**

In the course of the audit, we asked Management about the risk of fraud; management stated that in its assessment, there is no particular risk that the financial statements could contain significant misinformation as a result of fraud.

Furthermore, management stated that it has no knowledge of fraud or ongoing investigations of assumed fraud.

In our audit, we did not come across any elements that would indicate or arouse suspicion of fraud of any significance to the information contained in the Financial Statements.

### **2.3 Use of IT**

In connection with our audit, we reviewed the company's use of IT, focusing on the following general aspects of IT:

- Systems development and operations,
- acquisition, development, modification and maintenance of system software and user programs
- access security, and
- backup.

The review showed that the company:

- Only makes use of standard software,
- has reasonable access control around programs and data, and
- makes regular backups and test them.

On this basis, we find that the company cannot be deemed to be particularly dependent on IT and that the company's use of IT contains no risk with regard to future operations.

### **2.4 Administration**

In line with last year, the Secretariat was managed by FRIT ApS.

The management agreement has been extended till 30 June 2012.

In connection with our audit, we found that the Secretariat in March/April 2010 has made individual transfers between bank accounts in the Nordic countries

This is done to minimize the risk of exchange losses in connection with any currency price increases and decreases.

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### 2.5 Approval procedures

We followed up on the Secretariat's business processes and internal controls regarding approval procedures. Our review gave rise to the following comments:

#### Project expenses

We checked on a sample basis whether the supporting documentation is duly approved by the programme manager or the chairman Sigurður M. Magnússon. Our review did not give rise to any comments.

Further, we established that the Secretariat provides the two programme managers with situation reports on a regular basis. The reports are forwarded approx. every two months, most recently on 25 February 2011. These reports comprise statements of account of project expenses, etc. so as to provide the programme manager with an overview of current payments on the project.

#### Expenses relating to the Secretariat

We checked fees paid to the secretariat to agreement. We checked on a sample basis whether the invoices have been approved by Sigurður M. Magnússon. Our review did not give rise to any comments.

### 2.6 Authorisation to sign for the Secretariat

Finn Physant, finance manager and co-owner of FRIT ApS and the chairman Sigurður M. Magnússon, have authority to make withdrawals from NKS' giro and bank accounts, either jointly or individually together with Claus Rubin, who is also a co-owner of FRIT ApS.

Given the limited number of employees, we find the above authority procedures appropriate.

### 2.7 Sum of corrected and non-corrected misstatements

When the financial statements are presented, uncorrected errors are often ascertained. Typically, such errors are not significant to the presentation of the accounts or for the picture of the company's financial position given in the financial statements.

During our audit, we did not identify any non-corrected errors.

## 3 Comments on the financial statements

We make the following comments on the individual items in the income statement and the balance sheet for 2010:

### 3.1 Received contributions/grants

In December 2010, NKS received an additional appropriation from SSM/SE SEK of 300,000 / EUR 33,282.

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### 3.2 Additional financiers

The additional financiers stated in the income statement may be analysed as follows:

	2010	2009	2008
Fortum Power and Heat Oy, Finland	154,783	154,973	149,104
TVO, Finland / Teollisuuden Voima Oyj, TVO	154,783	154,973	149,104
Fennovoima Oy, Finland	44,649	38,763	37,276
Forsmarks Kraftgrupp AB, Sweden	79,996	77,486	74,552
Kärnkraftsäkerhet och utbildning (KSU), Sweden	79,996	77,486	74,552
OKG Aktiebolag, Sweden	79,996	77,486	74,552
Ringhals AB, Sweden	79,996	77,486	74,552
IFE, Norway	<u>44,649</u>	<u>77,486</u>	<u>74,552</u>
<b>Total additional financiers</b>	<u>754,196</u>	<u>736,139</u>	<u>708,244</u>

The additional financiers are in accordance with the supporting documentation.

### 3.3 Interest income, exchange adjustments and other income

Analysis of the item:

	2010	2009	2008
Interest income	31,363	21,346	157,485
Exchange adjustments	<u>372,559</u>	<u>105,066</u>	<u>-431,295</u>
	<u>403,922</u>	<u>126,412</u>	<u>-273,810</u>

The exchange adjustments are primarily attributable to the fact that amounts in foreign currencies were recorded at the exchange rates at 31 December 2009 throughout 2010, which resulted in differences between applied and actual exchange rates.

However, this practice does not affect the total results of operations, but only the breakdown under individual items in the income statement.

### 3.4 Budget balances brought forward from one year to the next

The financial survey for 2010 shows budget figures for all expenses. Further, a total of DKK 4,391,108 has been brought forward from 2009, cf. pp. 8 and 9, the first two paragraphs, of the financial statements.

As in prior years, the budget balance relating to shared programme expenses and joint travelling has not been brought forward from 2009 to 2010 but has been transferred to NKS' net assets (the reserve).

It should further be noted that the programme, travelling and activity resources allocated to the programme managers for 2010 but not employed/appropriated during the year will be transferred to net assets in 2010 similar to last year. Only appropriated activity expenses relating to the R and B parts and NKS' history project will thus be brought forward from one year to the next.

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### 4 Public Administration audit

In accordance with generally accepted government auditing standards, we checked, for a number of selected areas, whether NKS has established business processes to ensure appropriate management of allocated funds. We performed our audit procedures to obtain limited assurance as to whether the management is conducted in a financially appropriate manner and whether the performance numbers disclosed are documented and adequate to cover NKS' operations in 2010.

According to our information, the grants (except for the grants contributed by Fortum Power and Heat Oy and TVO) are not earmarked for specific projects but for NKS' programmes as such. Based on this information, our audit was conducted on the basis of NKS' activities as a whole. During our audit, we checked that the grants from Fortum Power and Heat Oy and TVO have been employed as intended.

During our audit, we established that expenses incurred relate to individual projects and that the supporting documentation is duly approved. We noted that the programme and Secretariat budgets are kept. Finally, we checked on a sample basis whether reports have been prepared for completed projects.

We are not in a position to say whether the individual projects could be carried out in a more economical manner. However, no matters have come to our attention that cause us to believe that this is the case.

#### 4.1 Management of funds

We have previously recommended that cash should be invested differently than giro accounts so to obtain higher returns.

Interest income for the year amounted to DKK 31 thousand, which is an increase of DKK 10 thousand over 2009. The low interest income results from excess liquidity from approx. May 2010 has been placed on deposit accounts in different banks. At the balance sheet date, the following interest rates applied:

Danske Bank, DK	0% p.a. on the total balance
DnB NOR, NO	0.10% - 2.00% p.a. depending on the size of the balance
Nordea, SE	0% p.a. on the total balance
SAMPO Bank Abp, FI	0% p.a. on the total balance

#### 4.2 Agreement between bookkeeping records and financial statements

We noted that there is agreement between bookkeeping records and the financial statements for 2010.

As in prior years, all payments received and made in January 2010 are included in the financial statements as if they had been settled before 31 December 2010. This policy does not affect the results of operations. Only the size of cash, receivables and payables is affected.

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### 5 Other aspects

#### 5.1 Economic crime

In accordance with the Danish Act on Approved Auditors and Audit Firms, we are obliged to check whether any management member has committed significant economic crime and under certain circumstances we must report our findings to legislative and enforcing authorities (primarily the Serious Economic Crime Squad).

In the course of our audit, we did not come across any situations or indications that would lead us to believe that any member of management has committed an economic crime.

#### 5.2 Storage of accounting material, etc.

In accordance with the ministerial order on declarations, we are obliged to verify compliance with statutory requirements on accounting and storing of accounting material.

We found that the company is in compliance with statutory requirements concerning accounting and the storing of accounting material.

### 6 Other assignments

In the year under review, we provided the following other services to the company:

- Assistance in preparing the financial statements

A fee of DKK 42,500 excl. VAT has been agreed for the audit of financial statements, including assistance with preparation of financial statements, attendance at meetings and board meeting as well as translation of the audit report into English. The amount is not appropriated as payables in the presented statements.

### 7 Statements in connection with the audit

#### 7.1 Management statement

In the course of the audit of the financial statements, we obtained confirmation from management as to the completeness of the financial statements, e.g. with regard to pledges, guarantees, lawsuits, events after the balance sheet date and other areas that are difficult to audit. Management declared that due financial care has been shown in NKS' management of the allocated funds.

We did not note any matters that could indicate or give rise to suspicion of fraud materially affecting the information in the financial statements.

Management has indicated that NKS is not a party to pending cases, which will significantly affect the financial statements.



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### 7.2 Auditor's statements

In accordance with the ministerial order on statements, etc., made by state-authorized public accountants and registered public accountants, we declare that:

- We are in compliance with statutory rules on legal competence, and
- We received all the information we asked for during the audit.

Roskilde 30 March, 2011

**Dansk Revision Roskilde**  
Godkendt revisionsaktieselskab

Palle Sundstrøm  
Partner, State Authorised Public Accountant

Presented to the supervisory board, date 31 May 2011

Sigurður M. Magnússon  
Chairman

Steen Cordt Hoe

Jorma Aurela

Ole Harbitz

Leif Moberg