

**The Nordic Nuclear Safety Research Programme
(NKS)**

**Long-form audit report of 8 June 2017 regarding
Financial Statements for 2016**

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

Contents

1	Audit of the financial statements	148
1.1	Introduction	148
1.2	Conclusion on the executed audit - auditor's report	148
1.3	Scope and execution of the audit	148
2	The executed audit	149
2.1	Legal - critical audit	149
2.2	Administration	149
2.3	Attestation procedures	150
2.4	Authorisation to sign	150
2.5	Use of IT	150
2.6	Non-corrected misstatements	150
2.7	Discussions with management on fraud	151
3	Comments to the audit and financial statements 2016	151
3.1	Additional financiers	151
3.2	Exchange rate adjustments	151
3.3	Budget balances brought forward from one year to the next	152
4	Performance audit	152
4.1	Agreement between bookkeeping records and financial statements	152
5	Statutory information, etc.	153
6	Economic crime	153
7	Other tasks	153
8	Statements in connection with the audit	154
8.1	The managements representation letter	154
8.2	Auditor's statement	154

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

1 Audit of the financial statements

1.1 Introduction

As the appointed auditors for The Nordic Nuclear Safety Research Programme (NKS), we have audited the Financial Statements for the financial year 1 January 2016 - 31 December 2016 prepared by the NKS Secretariat.

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

DKK / EUR	Current year	Last year
Result for the year	-1.061.243 / -142.748	240.435 / 32.219
Equity	7.159.872 / 963.073	8.221.115 / 1.101.657

1.2 Conclusion on the executed audit - auditor's report

The audit performed has not given rise to significant remarks to the Financial Statements.

If the Financial Statements are carried in the existing form and if further, significant information does not appear during management's processing, we will provide the Financial Statements for 2016 with an unmodified audit opinion.

The audit has not included the management's review, but we have read the management's review. This has not given rise to remarks. On this background, it is our opinion that the information in the management's review is in accordance with the Financial Statements.

1.3 Scope and execution of the audit

The purpose, planning and execution of the audit, the auditor's responsibility and reporting as well as the Group of Owners's responsibility have remained unchanged, which is why we refer to our letter of engagement dated 30 March 2011.

As preparation for the audit of the Financial Statements for 2016, we have discussed the expectations to the financial development for 2016 with the Management, including risks related to the association's activities. We have, furthermore, discussed risks connected to the presentation of accounts and the initiatives the Group of Owners has initiated for the management hereof.

On this background, we have prepared our auditing strategy with a view to targeting our work at significant and areas of risk. We have identified the following items and areas to which, according to our opinion, special risks of significant errors and insufficiencies in the Financial Statements are associated:

- Grants
- Project expenses
- Equity

On other areas, the risk of error in the Financial Statements is assessed as normal and the execution of the audit has therefore had a lesser scope.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

The audit was executed with a view to verifying whether the information and amount specifications in the Financial Statements are correct. Analyses, review and assessment of administrative procedures, internal control systems and control procedures have been performed as well as a review and assessment of bookkeeping items and documentation for this.

The audit has also included an assessment of whether the prepared Financial Statements fulfil the auditing regulations of legislation and articles of association. In this regard, we have assessed the selected accounting policy, the Group of Owners's accounting opinion as well as, moreover, the information submitted by the Group of Owners.

Furthermore, the audit has been planned and executed in accordance with the international auditing standards as well as generally accepted government auditing standards (legal-critical audit and performance audit) and, in addition to the financial audit, it also includes a review and assessment of whether due financial considerations have been taken with the administration of the funds covered by the accounts.

During the execution of the financial audit, we have checked whether the accounts are without significant errors and insufficiencies. We have also checked the Financial Statements' agreement with the underlying bookkeeping records as well as the Financial Statements' concordance with laws and regulations as well as with commenced agreements and the accounting policies, which is decided by the Management.

The performance audit has been executed as an integrated and parallel part of the financial audit and, among other things, has included random reviews of agreements and contracts, reports, analyses of expense and income items as well as an analysis of budget deviations.

The audit has been executed in connection with the preparation of the Financial Statements.

2 The executed audit

2.1 Legal-critical audit

We have during the execution of the financial audit, not identified terms, that gives us reason to suspect,

- that NKS in its work is not independent, and
- that NKS's funds are not used in accordance with the terms and conditions of NKS.

2.2 Administration

As in previous years, The NKS Secretariat is managed by FRIT ApS.

Agreement has been entered into on an extension of the agreement until 31 July 2018.

It must be noted that the Board has chosen to extend the agreement with Chairman of the Board, Sigurður M. Magnússon, up to and including 2018.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

2.3 Attestation procedures

We have performed a follow-up on NKS Secretariat's procedures and internal controls regarding attestation procedures and have found reason to state the following:

Project expenses

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

In addition, we have established that the Secretariat regularly sends programme status to the programme managers. The programme status is forwarded approximately every second month and at the latest on 31 January 2017. The programme status includes, for example, a ledger card for project expenses so that the programme manager can see the individual payments on the project for the current year.

Secretariat expenses

Remuneration for the Secretariat is controlled as per agreement and to the minutes of the board meeting. We checked on a sample basis whether the invoices has been approved by Sigurður M. Magnússon. This review has not given rise to remarks.

2.4 Authorisation to sign

The accounts manager, Finn Physant, owner of FRIT ApS, and chairman, Sigurður M. Magnússon, have authority to make withdrawals on NKS' giro and bank accounts jointly or individually together with Claus Rubin, who is a consultant for FRIT ApS.

Our assessment is that the above terms and conditions for authorisation to sign, in consideration of the few staff members, is appropriately organised.

2.5 Use of IT

In connection with our audit, we have performed a general review and assessment of the association's administrative use of IT, including of system, data and operation security.

Our assessment is that the association is dependent on IT in the daily business processes. However, the association's use of IT is not assessed as being a risk.

2.6 Non-corrected misstatements

Pursuant to the international auditing standards, we must account for non-corrected misstatements that are not insignificant, to the association's senior management.

We can inform, that there were no corrections to the draft for the Financial Statements.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

2.7 Discussions with management on fraud

During the audit we have enquired the Management about the risk of fraud and the Management has informed us that according to their assessment, there is no particular risk that the Financial Statements can contain significant erroneous information as a result of fraud.

The Management has, furthermore, reported that they do not have knowledge of fraud or investigations in progress for assumed fraud.

During our audit we have not established conditions that could indicate or arouse suspicion of fraud of significance to the information in the Financial Statements.

3 Comments to the audit and financial statements 2016

For the individual items in the income statement and balance sheet we can supplement the presented Financial Statements for the year 2016 with the following:

3.1 Additional financiers

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

	2016	2015	2014
Fortum Power and Heat Oy, Finland	195.891	189.812	182.777
TVO, Finland / Teollisuuden Voima Oyj, TVO	195.891	189.812	182.777
Fennovoima Oy, Finland	67.162	57.688	55.952
Forsmarks Kraftgrupp AB, Sweden	98.132	97.883	95.268
OKG Aktiebolag, Sweden	97.535	92.673	90.158
Ringhals AB, Sweden	89.550	89.323	89.524
IFE, Norway	92.236	89.323	85.794
Nordic Council of Ministers	0	100.000	0
Total financiers	836.397	906.514	782.250

The additional financiers are in accordance with the supporting documentation.

We have found that in 2016, there has been no new additional financier.

3.2 Exchange rate adjustments

The exchange rate adjustments are mainly the result of foreign currency amounts being registered at the rate on 31 December 2015 throughout 2016. This gives deviations between the utilised rate and the actual rate.

We can report that the principle used does not affect the overall results, but just the allocation of the individual items in the income statement.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

3.3 Budget balances brought forward from one year to the next

In the financial survey for 2016, budget figures for all expenses are specified. In addition, an amount transferred from 2015 of, in total, DKK 6,060,291 - cf. the accounts pages 10 to 11, first two columns.

We draw attention to the fact that the remaining budget for joint programme expenses, joint trips and fees similar to previously, have not been transferred from 2015 to 2016 and are thus transferred to NKS' equity (reserve).

It is furthermore noted that the coordination and travel expenses as well as activity expenses granted to the programme managers for the year 2016 that are not used/allocated similar to previous year will be transferred to equity. Thus, only the allocated activity expenses for R Part and B Part will be transferred from 2015 to 2016.

4 Performance 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 2016.

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.

As part of the performance audit, we must check whether the individual projects could be carried out in a more economical manner / efficiency. During our audit, no matters have come to our attention that cause us to believe that this is the case. However, we must state that our lack of technical expertise within nuclear safety means that we do not have the possibility to comment on this.

4.1 Agreement between bookkeeping records and Financial Statements

We noted that there is agreement between the performed bookkeeping and the prepared Financial Statements for the year 2016.

Similar to previous years, all deposits and payments in January 2017 have been included in the accounts as if they were settled before 31 December 2016. This utilised accounting policy does not affect the accounting result. Only the size of the cash available, receivables and debt are affected.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

5 Statutory information, etc.

We have ascertained that on all essential areas, the association complies with the Danish Bookkeeping Act, including regulations on the storage of accounting records.

It is our opinion that the requirements of legislation on bookkeeping and storage of accounting records has been complied with. We have furthermore agreed that our archive material will be stored for 7 years after the expiry of the relevant financial year.

6 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 and International Crime).

During our audit we have not come across conditions or indications that any management member have committed economic crimes.

7 Other tasks

In this financial year we have provided the following other services to NKS:

- Assistance with the preparation of the Financial Statements

A fee for the audit of the Financial Statements has been agreed on, including assistance with the preparation of the Financial Statements, participation in accounting meetings and in board meetings as well as the translation to English of the accounts and long-form audit report, in the amount of DKK 49,000 excl. VAT. The amount has not been allocated as debt in the presented accounts.

Long-form audit report of 8 June 2017 regarding Financial Statements for 2016

8 Statements in connection with the audit

8.1 The Managements representation letter

As part of the audit of the Financial Statements, we have obtained confirmation from management of the Financial Statements' completeness, including that they contain all information on mortgages, guarantees, related parties, court cases, events after the balance sheet date as well as other complex auditable areas.

Management has further declared that all errors that have been presented to management are rectified in the Financial Statements. We have ascertained that the rectifications are included.

8.2 Auditor's statement

In compliance with the law regarding the approved auditors and audit firms, we state that:

- We comply with the statutory requirements for independence, and
- during the audit carried out, we have received all the information we have requested.

Roskilde, 8 June 2017

Dansk Revision Roskilde

Godkendt revisionsaktieselskab

Palle Sundstrøm

Partner, state-authorized Public Accountant

Presented at the board meeting on 8 June 2017

Sigurður M. Magnússon
Chairman

Charlotte Bro

Jorma Aurela

Ole Harbitz

Eva Simic