

Annual financial accounts 2013



profundo
RESEARCH & ADVICE

Contents

Introduction	1
Balance sheet as of 31 December 2011 and 2012.....	2
Income statement for 2011 and 2012	3
Notes to the financial accounts.....	4

Introduction

Profundo is a not-for-profit research consultancy, based in Amsterdam (the Netherlands). With profound research and advice, Profundo aims to make a practical contribution to a sustainable world and social justice. Quality comes first, aiming at the needs of our clients. Thematically we focus on commodity chains, the financial sector and corporate social responsibility.

We help our clients to realise their sustainable ambitions, by providing tailored research and advisory services. We are working for:

- Dutch and international Non-Governmental Organisations (NGOs): research into the relationship of companies and financial institutions with social and environmental problems, policy analyses and campaign advice;
- Financial institutions: advice on socially responsible investment policies and strategies, portfolio-research, analyses and data on SRI-themes and evaluation of investment opportunities;
- Governments and research institutes: policy analyses and evaluations, research into the relationship of companies and financial institutions with CSR themes;
- Media: supporting journalistic research projects.

Since 1 January 2012, Profundo is a private company (B.V.). It is owned by its director, Jan Willem van Gelder.

In financial terms, 2013 was a mixed year for Profundo. Annual revenues increased by 30% to € 556,413, but the result after tax decreased with 69% from € 20,917 in 2012 to € 6,468 in 2013.

After a strong rise in the number of employees from 4 to 9 in 2012, the number of employees stayed at the same level during 2013. The average number of FTEs during the year therefore increased by 60% to 6.8 in 2013. At year-end, Profundo's team also included 3 internships and 3 work experience positions.

And our broader results were again satisfactory. We were successful in undertaking fruitful and influential research and consultancy projects for our clients. Together with our clients, we have succeeded in putting important issues on the political agenda and in exploring opportunities for change towards more sustainability and social justice. We will continue doing this in 2014.

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Balance sheet as of 31 December 2012 and 2013

All amounts are in euros.

Assets		Notes	31-12-2012	31-12-2013
Non-current assets	Intangible fixed assets	1	€ 4,500	€ 4,000
	Equipment	2	€ 6,781	€ 10,342
Current assets	Debtors	3	€ 67,963	€ 90,226
	Other receivables	3	€ 52,000	€ 60,663
	Cash and bank accounts	4	€ 64,599	€ 30,781
Total Assets			€ 195,843	€ 196,012
Equity and Liabilities		Notes	31-12-2012	31-12-2013
Equity	Share capital	5	€ 18,000	€ 18,000
	Retained earnings	5	€ 20,917	€ 27,385
	<i>Total Equity</i>		€ 38,917	€ 45,385
Non-current liabilities	Pension reserve	6	€ 35,868	€ 36,585
	Long-term loans	7	€ 34,487	€ 35,521
Current liabilities	Short-term loans and credits	8	€ 97	€ 78
	Deferred tax	9	€ 34,380	€ 27,623
	Creditors		€ 7,399	€ 5,424
	Other current liabilities	10	€ 44,696	€ 45,395
	<i>Total Liabilities</i>		€ 156,927	€ 150,626
Total Equity and Liabilities			€ 195,843	€ 196,012

Income statement for 2012 and 2013

All amounts are in euros.

Income		Notes	2012	2013
	Revenues	11	€ 427,220	€ 556,413
	Extraordinary income	12	€ 5,579	€ 0
	<i>Total income</i>		€ 432,799	€ 556,413
Expenses				
	Salaries and labour costs	13	€ 242,559	€ 402,670
	Free-lance researchers	14	€ 56,152	€ 29,809
	Office rent	15	€ 18,938	€ 18,369
	Databases and literature		€ 43,312	€ 47,734
	Travel costs		€ 6,677	€ 14,964
	Office costs		€ 14,971	€ 15,666
	Depreciation costs		€ 6,517	€ 5,604
	Interest costs		€ 1,644	€ 1,686
	Other costs	16	€ 15,883	€ 11,826
	<i>Total expenses</i>		€ 406,653	€ 548,328
Result before tax			€ 26,146	€ 8,085
	Corporate income tax	17	€ 5,229	€ 1,617
Result after tax			€ 20,917	€ 6,468

Notes to the financial accounts

1. Intangible fixed assets

When Profundo was converted from a sole proprietorship to a private company (B.V.) on 1 January 2012, an amount of goodwill (€ 5,000) was paid. This goodwill is depreciated in 10 years.

2. Equipment

Equipment consists of office furniture (depreciated in 5 years) and computers and other ICT equipment (depreciated in 4 years). The table below shows the development of this category during 2012 and 2013.

	Office furniture	Computers and ICT	Total equipment
Value as of 1 January 2012	€ 6,321	€ 5,012	€ 11,334
Acquisitions in 2012	€ 0	€ 1,464	€ 1,464
Depreciation in 2012	€ 3,509	€ 2,507	€ 6,017
Value as of 31 December 2012	€ 2,812	€ 3,969	€ 6,781
Acquisitions in 2013	€ 2,853	€ 5,812	€ 8,665
Depreciation in 2013	€ 2,019	€ 3,086	€ 5,105
Value as of 31 December 2013	€ 3,646	€ 6,695	€ 10,342

3. Debtors and other receivables

The table below shows details on the position of debtors and other receivables at the end of 2012 and 2013.

Category	31 December 2012	31 December 2013
Invoices sent	€ 67,963	€ 90,226
Total debtors	€ 67,963	€ 90,226
Work in progress	€ 46,000	€ 56,150
Prepaid costs	€ 6,000	€ 4,513
Total other receivables	€ 52,000	€ 60,663

4. Cash and bank accounts

The table below shows details on cash and bank accounts at the end of 2012 and 2013.

Category	31 December 2012	31 December 2013
Cash	€ 0	€ 0
Triodos Bank	€ 64,599	€ 30,781
Total cash and bank accounts	€ 64,599	€ 30,781

5. Equity

When Profundo was converted into a private company (B.V.) as of 1 January 2012, the amount invested by the owner was split in share capital (€ 18,000) and a shareholder loan (€ 44,600, see note 7).

The table below shows details on Profundo's equity at the end of 2012 and 2013.

Category	31 December 2012	31 December 2013
Share capital	€ 18,000	€ 18,000
Retained earnings previous years	€ 0	€ 20,917
Net profit this year	€ 20,917	€ 6,468
Total equity	€ 38,917	€ 45,385

Over 2012 and 2013, no dividends were paid. The results after tax (see note 17) were added as retained earnings to the equity of the company.

6. Pension reserve

When Profundo was converted from a sole proprietorship to a private company (B.V.) on 1 January 2012, a pension reserve of € 35,170 was formed on behalf of the owner. On this pension reserve an annual interest rate of 2% is applicable.

7. Long-term loans

Profundo has no long-term bank loans outstanding. The only long-term loan is a shareholder loan with a value of € 44,600 as of 1 January 2012, on which an annual interest rate of 3% is applicable.

During 2012, an amount of € 11,431 was repaid on this loan. No repayment was made during 2013.

8. Short-term loans and credits

Profundo has no short-term bank loans outstanding. The only short-term credit is the amount due on the Visa creditcard: € 97 at the end of 2012 and € 78 at the end of 2013.

9. Deferred tax

Deferred tax consists of the taxes to be paid by Profundo over the finished financial year. The table below shows details on the deferred tax at the end of 2012 and 2013.

Type of tax	31 December 2012	31 December 2013
Value added tax (VAT)	€ 21,656	€ 21,163
Wage tax and social premiums	€ 11,495	€ 10,843
Corporate income tax	€ 1,229	-/- € 4,383
Total deferred tax	€ 34,380	€ 27,623

10. Other current liabilities

The table below shows details on the other current liabilities at the end of 2012 and 2013.

Type of liabilities	31 December 2012	31 December 2013
Prepayments on research projects	€ 34,465	€ 40,830
Deferred costs	€ 10,231	€ 4,565
Total other current liabilities	€ 44,696	€ 45,395

11. Revenues

All revenues of Profundo are generated as payments by clients on consultancy and research projects. Profundo does not receive any subsidies or additional funding.

The table below shows details on the distribution of revenues across client segments in 2012 and 2013.

Client segments	2012		2013	
	€	%	€	%
Dutch NGOs	€ 184,905	43%	€ 275,706	50%
International NGOs	€ 179,989	42%	€ 205,529	37%
Financial institutions	€ 24,580	6%	€ 13,325	2%
Governments and research institutes	€ 36,696	9%	€ 59,852	11%
Media	€ 1,050	0%	€ 2,000	0%
Total revenues	€ 427,220	100%	€ 556,413	100%

12. Extraordinary income

The table below shows details on the extraordinary income in 2012 and 2013.

Type of income	2012	2013
Repayment of depreciated invoice	€ 5,579	€ 0
Total extraordinary income	€ 5,579	€ 0

An invoice of € 7,000 for which a provision was taken in 2011, was finally paid in 2012. After deducting collection fees, this resulted in an extraordinary income of € 5,579.

13. Salaries and labour costs

The table below shows details on the number of employees as well as interns and work experience positions in 2012 and 2013.

	2012	2013
Number of employees at the start of the year	4	9
Number of employees at year-end	9	9
Average number of FTEs during the year	4.2	6.8
Number of interns at year-end	2	3
Number of work experience positions at year-end	0	3

After a strong rise in the number of employees from 4 to 9 in 2012, the number of employees stayed at the same level during 2013. The average number of FTEs during the year therefore increased by 60% from 4.2 in 2012 to 6.8 in 2013.

Profundo started to offer 2 internships at the end of 2012 and continuously offered 3 internships throughout 2013. In the second half of 2013, Profundo's team also included 3 work experience positions.

The following table shows details on salaries and other labour costs in 2012 and 2013.

Type of labour costs	2012	2013
Salaries and holiday allowances*	€ 150,279	€ 327,937
Social premiums and pension premiums**	€ 89,019	€ 65,275
Internship remunerations	€ 859	€ 6,027
Other direct labour costs	€ 2,402	€ 3,431
Total labour costs	€ 242,559	€ 402,670

* includes income taxes for 2013

** includes income taxes for 2012

Average labour costs per FTE (excluding internship remunerations) increased with 2% from € 57,264 in 2012 to € 58,581 in 2013.

Total labour costs increased with 66% from € 242,559 in 2012 to € 402,670 in 2013. This rise was caused for 91% by the strong increase in the average number of FTEs employed and for 6% by the increase of the average labour costs per FTE.

The increase in internship remunerations contributed 3% to the increase of total labour costs.

14. Free-lance researchers

During 2012, Profundo expanded the pool of free-lancers to which parts of projects can be outsourced when its own research capacity is not sufficient. In 2012 significantly more was spent on free-lance researchers (€ 56,1532) than in 2011 (€ 13,670). This was caused by a strong rise in the number of projects in the second half of 2012. Despite the growth of the number of employees of Profundo, capacity was lacking to undertake all projects internally.

During 2013 the internal capacity was more in balance with the number of projects. As a consequence, costs of free-lancers decreased again to € 29,809 in 2013.

15. Office rent

On 1 June 2012, Profundo moved to another office. As the annual rent for our new office is lower, costs for office rent decreased from € 22,013 in 2011 to € 18,938 in 2012. In 2013, the number of rooms rented increased but the rental costs stayed roughly equal at € 18,369.

16. Other costs

Other costs in 2012 (€ 15,883) included one-time costs incurred for transforming Profundo from a sole proprietorship into a private company (B.V.), as well as one-time costs related to the redesign of Profundo's logo and website.

Other costs in 2013 (€ 11,826) included costs for website redesign as well designing and printing new brochures.

17. Results before and after tax

The table below shows Profundo's results before and after tax, as well as the corporate income tax paid in 2012 and 2013. As a private company (B.V.), Profundo pays corporate income tax at the standard rate (20%).

Corporate income tax	2012	2013
Result before tax	€ 26,146	€ 8,085
Corporate income tax (20%)	€ 5,229	€ 1,617
Result after tax	€ 20,917	€ 6,468

Over the year 2012, a positive result after tax of € 20,917 was realised. In 2013, the result after tax decreased with 69% to € 6,468.

In both years, no dividends were paid. The results after tax were added as retained earnings to the equity of the company (see note 5).