



Summary Financial Report 2016

All amounts should be multiplied by € 1.000 and are rounded to the next € 1.000.
Negative amounts are given in brackets.

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1 Balance sheet

ASSETS	31-12-2016	31-12-2015	LIABILITIES	31-12-2016	31-12-2015
Fixed assets			Capital and reserves		
Intangible fixed assets	165	138	Foundation capital	-	-
Tangible fixed assets	32.781	33.716	General reserve	(13.513)	(16.705)
Financial fixed assets	414	-	Designated reserve	27.372	30.212
	<u>33.360</u>	<u>33.854</u>		<u>13.859</u>	<u>13.507</u>
Current assets			Provisions	7.750	11.128
Stocks	144	148	Long term liabilities	6.116	2.496
Receivables	4.454	6.297	Short term liabilities	18.690	17.607
Cash and cash equivalents	8.457	4.439		<u>32.556</u>	<u>31.231</u>
	<u>13.055</u>	<u>10.884</u>			
Total assets	<u>46.415</u>	<u>44.738</u>	Total liabilities	<u>46.415</u>	<u>44.738</u>

2 Profit and Loss account

	2016 actual	2016 budget	2015 actual
Profit			
Grants			
NWO basic funding	17.397	16.691	14.620
UU funding	18	2.400	-
Projects (EU, NWO, third parties, etc.)	13.251	14.157	13.932
Total grants	<u>30.666</u>	<u>33.248</u>	<u>28.552</u>
Other operating income	409	330	675
Total other income	<u>409</u>	<u>330</u>	<u>675</u>
Total profit	<u>31.075</u>	<u>33.578</u>	<u>29.227</u>
Costs			
Personnel costs	16.785	18.261	19.548
Endowment personnel provisions	69	-	10.558
Depreciation	2.827	3.090	4.621
Housing costs	2.469	2.545	2.124
Other expenses	8.994	9.740	8.925
Total costs	<u>31.144</u>	<u>33.636</u>	<u>45.776</u>
Balance income and expenses	<u>(69)</u>	<u>(58)</u>	<u>(16.549)</u>
Financial income and expenses	(59)	(50)	(77)
Profit sales fixed assets	484	-	-
Result before profit appropriation	<u>356</u>	<u>(108)</u>	<u>(16.626)</u>
Profit appropriation	2.840	2.270	(5.802)
Share in result of participation	(4)	-	-
Result after profit appropriation	<u>3.192</u>	<u>2.162</u>	<u>(10.824)</u>

3 Cashflow statement

	2016		2015
<i>Operating cashflow</i>			
Balance income and expenses	(37)		(16.626)
<i>Adjustments</i>			
Depreciation	2.827		4.621
Movements in provisions	(2.984)		10.558
	(157)		15.179
<i>Movements in working capital</i>			
Receivables	2.152		(2.101)
Inventories	4		4
Current liabilities	757		3.758
	2.913		1.661
	2.719		214
<i>Movements in working capital</i>			
Receivables		2.719	214
Inventories			
Current liabilities	-		-
Investments intangible fixed assets	(84)		(48)
Investments tangible fixed assets	(1.964)		(125)
Investments financial fixed assets	(420)		-
Disposal of tangible fixed assets	142		-
Investment cashflow		(2.326)	(173)
<i>Financing cashflow</i>			
Mortgage	3.869		-
Redemption mortgage	(243)		(243)
Finance cashflow		3.626	(243)
Total cashflow	4.018		(203)
Cash balance as at January 1	4.439		4.643
Total cashflow	4.018		(203)
Cash balance as at December 31	8.457		4.439

4 Accounting Principles of Preparing the summary Financial Statement

4.1 General

NIOZ Royal Netherlands Institute for Sea Research is the Dutch oceanographic institute. The institute conducts fundamental and cutting-edge applied research in order to acquire and disseminate knowledge about key processes in estuaries, coastal seas, and open oceans. The institute also provides national facilities for academic sea research in the Netherlands and supports research and education in the field of marine sciences at a national and European level.

The financial statements have been prepared in accordance with the financial reporting standards, in particular the RJ 660 with regard to Annual Reporting by Educational Institutions and Title 9, Book 2 of the Netherlands Civil Code. Financial reporting by NIOZ is in compliance with the principles laid down by the Netherlands Organisation for Scientific Research (NWO). NIOZ is included in the NWO consolidation scope. This means that NWO presents a consolidated financial statement in which the NIOZ assets, liabilities, income, expenses and the returns are combined with those of the other institutes included in the NWO consolidation scope.

In preparing the financial statement, the management inevitably expresses opinions, gives estimates, and makes assumptions that affect the way in which accounting principles are applied as well as the reported value of the assets and liabilities, and of income and expenses. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Readjustments to these estimates are recorded in the period during which the estimates are readjusted and in future periods that may be affected by the readjustments.

The loan relating to the purchase of the Yerseke premises is recognized at present value. All other entries are recognized in the balance sheet at nominal value. Cost is considered to be historical cost, unless otherwise specified. Assets and liabilities in foreign currencies are recorded at the exchange rates prevailing on the balance sheet date.

In the ordinary course of business, NIOZ uses various financial instruments and is therefore exposed to market risks including currency risks, fair value interest-rate risk, cash flow interest rate risk and price risk, credit risk, and liquidity risk. In order to control these risks, NIOZ pursues a policy of limiting as much as possible any risks following from unpredictable unfavourable developments on the financial markets affecting the institute's financial presentations. NIOZ does not use any derivative financial instruments to control risks. Transactions denominated in a foreign currency are recorded at the exchange rates prevailing at the date of the transactions, and these, as well as exchange differences resulting from the translation of monetary items, are recognized in the income statement.

Assets and liabilities are offset per counterparty where there is a legally enforceable right of offset and where there is an intention to settle the balances.

Stichting NIOZ is the sole shareholder of NIOZ Holding B.V. with an equity interest of € 0.1. NIOZ Holding B.V. co-manages the Stichting Administratiekantoor Continuïteit Haven 't Horntje. Stichting NIOZ has no other equity interests other than NIOZ Holding B.V. As of 2016, NIOZ Holding B.V. has been included in the (consolidated) financial statement.

Continuity

The future existence of the foundation may be uncertain because of the negative general reserve of € 13,513. The determining factor in this is the liquidity position of NIOZ and thus the confidence that NIOZ will be able to meet its payment obligations. NWO acts as a guarantor for the liquidity position and rectified any deficiencies by means of advances in the past few years. In 2016, NIOZ and NWO entered into a loan agreement with NWO acting as the guarantor for a loan to a maximum of € 10,000. This maximum loan is lower than the negative reserve but sufficient for meeting the payment obligations (requirements) as the reorganization costs will be spread over several years (this mostly involves severance payments). Considering NWO's willingness to act as a guarantor and the multi-annual

perspective, the continuity of NIOZ is now sufficiently guaranteed. The financial statement is therefore presented on the basis of this assumed continuity.

The financial statement is presented in euros, the functional and presentation currency at NIOZ. Unless stated otherwise, the figures are presented in thousands of euros (€).

4.2 Intangible and Tangible Assets

Intangible and tangible assets are valued at acquisition or manufacturing cost less accumulated depreciation and accumulated impairment losses. Depreciation is on a straight-line basis, and based on the expected economic life of the asset, taking into account the residual value. In case the expectation in respect to the depreciation method, useful life and/or residual value is subject to change over time, this is accounted for as a change in the accounting estimate.

The current or insured value is mentioned in the notes if it deviates significantly from the value recorded on the balance sheet.

Buildings under construction, as well as equipment under construction, are not depreciated. Scientific books are not recorded as assets.

Assets are depreciated in the year of acquisition for the full year. Acquisitions with a value greater than € 10 are capitalized and where appropriate grouped together and recorded as a single investment.

Major maintenance and replacement costs to buildings and vessels are capitalized and depreciated pursuant to the guidelines above.

4.3 Current Assets

Inventories

Inventories are stated at acquisition price. A provision for obsolescence is included where necessary. Inventories that do not change for over a year are considered to be obsolete.

Accounts Receivable, Other Receivables and Cash and cash equivalents

Receivables may be recognized less a provision for uncollectability, based on individual assessment of the receivables.

Receivables for NWO Projects and Third-Party Projects

The positions accounted for in respect of receivables from projects refer to claims or remnants of claims on the basis of grants awarded or contracts on the balance sheet date. These claims are recognized at nominal value.

4.4 Equity

Items included separately under equity are:

- Foundation capital
- General reserve
- Designated reserve

The general reserve concerns resources which have not yet been explicitly allocated.

The designated reserves concern reserves which have been allocated by the NIOZ board to be spent for a specific purpose. These are also means allocated by NWO and/or third parties that have not yet been recognized as expenditure on the balance sheet date and are yet to be spent for the specific purpose for which the means were made available.

Alterations to the earmarked reserve in the course of the financial year are accounted for under profit appropriation in the income statement

4.5 Long-Term Liabilities

Debts not due within the next 12 months are included under Long-Term Liabilities.

Long-Term Loans

The loan for the purchase of the Yerseke premises is recognized at present value. Other long-term loans are recognized at nominal value.

4.6 Provisions

Provisions

Provisions relate to the following matters anticipated on the balance sheet date:

- a. Liabilities and losses of which the size is unclear on the balance sheet date but which can be reasonably estimated;
- b. Concrete, reasonably quantifiable risks that will lead to liabilities in future years and the size of which can be reasonably estimated;
- c. Expenditures to be incurred in a following financial year, provided these expenditures originate in the financial year or in a previous financial year and the provision serves to spread the liabilities evenly over a number of financial years.

The severance pay provision is based on severance pay obligations including those starting during the financial year and the estimated duration of the severance payments at nominal value.

The service anniversary bonus provision is based on bonuses expected to be payable to staff members who are employed on 31 December of the financial year. The bonuses are recognized at the nominal value.

The provision for the senior staff scheme consists of provisions on account of hours of leave allocated to senior NIOZ staff members and is based on a calculation of the rights built up by staff members up to the end of the year. This only concerns the rights of staff members that are actually taking part in the scheme on the balance sheet date.

The provision for the NIOZ 2.0 reorganization costs consists of means for covering future salary obligation of redundant employees. At the start of 2016, a sum of € 10.065 had been reserved for this . During 2016 an amount of € 2.116 has been paid from this provision for salaries and costs related to the work-to-work scheme, as agreed in the severance scheme. At the end of 2016 an updated calculation has been made for expected costs regarding this reorganization which means that on 31 December 2016 the balance is € 6.703.

4.7 Current Liabilities, Accrued Expenses, and Deferred Income

NWO Project Liabilities and Third-Party Project Liabilities

The positions accounted for in respect of project liabilities relate to liabilities or remnants of liabilities on account of grants awarded or contracts on the balance sheet date. These liabilities are recognized at the nominal value. Where necessary, a supplementary reserve has been provided for loss-making projects (i.e. projects with no means to cover external costs that are necessary for winding up the project). Liabilities resulting from operating leases are accounted for under off-balance-sheet obligations.

Life rafts are leased on the basis of operational leasing. Taking into account reimbursements received from the lease company, liabilities in respect of operating leases are included on a linear basis in the profit and loss account over the duration of the lease contract.

4.8 Income Statement

Income

Income is recognized in the year to which it relates.

Income is broken down into exploitation and earmarked funds and distinguishes:

- NWO grants; basic and project/programme income
- Other grants/ income

Expenses

Expenses are recognized in the year to which they relates. Losses are accounted for in the year in which they are foreseeable.

Interest expense or possibly interest income are included in the financial year on a time proportion basis

Interest

Interest income is recognized in the year to which it relates.

Cash Flow Statement

The cash flow statement has been prepared using the indirect method. Cash is considered to be liquidities. The cash flow statement distinguishes operational activities, investing activities, and financing activities.

Signing of the annual report 2016

General Director:

Prof.dr. H. Brinkhuis

Board:

Ir. A.J. Baayen (chairman)

Independent auditor's report

To: the Board of Stichting NIOZ, Koninklijk Nederlands Instituut voor Onderzoek der Zee

Our opinion

The summary financial statements 2016 of Stichting NIOZ, Koninklijk Nederlands Instituut voor Onderzoek der Zee, based in Den Hoorn, are derived from the audited financial statements of Stichting NIOZ, Koninklijk Nederlands Instituut voor Onderzoek der Zee.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of Stichting NIOZ, Koninklijk Nederlands Instituut voor Onderzoek der Zee in accordance with the principles described in note 4.

The summary financial statements comprise:

1. the summary balance sheet as at 31 December 2016;
2. the summary profit and loss account for 2016; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

Summary financial statements

The summary financial statements do not contain all the disclosures required by Richtlijn voor de Jaarverslaggeving 660 Onderwijsinstellingen (RJ 660) or with the Dutch act for remuneration of senior officials in the public and semi -public sector: “Wet normering bezoldiging topfunctionarissen (WNT)”. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Stichting NIOZ, Koninklijk Nederlands Instituut voor Onderzoek der Zee including our auditor’s report thereon. The summarized financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The audited financial statements and our auditor’s report thereon

We expressed an unqualified audit opinion on those financial statements in our report dated 3 April 2017

Responsibilities of management and the Supervisory Board for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the principles described in note 4.

Our responsibilities

Our responsibility is to provide an opinion if the summarized financial statements are consistent, in all material respects, with the audited financial statements, based on our audit, in accordance with Dutch law, including Dutch Standard on Auditing 810 Engagements to report on summarized financial statements.

Amstelveen, 4 May 2017

For and on behalf of BDO Audit & Assurance B.V.

sgd.

H.C.J. Bot RA

AA17-0846