BI Norwegian Business School

Annual Report 2016

Annual Accounts 2016

Parent company:			**Income statement 1 January – 31 December**	*Group*:	
2016	**2015**	**Note**	NOK'000	**2016**	**2015**
			Operating income		
1 158 980	1 108 508		Tuition fees	1 158 980	1 108 508
32 445	35 318		Income from commissioned research	32 445	35 319
277 504	263 916	**1**	Government subsidies	277 504	263 916
44 905	43 600	**2, 9**	Other operating income	63 522	66 867
1 513 834	1 451 342		Total operating income	1 532 451	1 474 609
			Operating expenses		
845 390	841 188	**3, 7**	Salaries and other personnel costs	846 478	841 976
95 323	101 266	**5**	Ordinary depreciation	105 251	110 896
1 324	1 021	**12**	Loss on receivables	1 324	1 021
448 087	428 118	**4, 9**	Other operating expenses	441 990	427 724
1 390 125	1 371 593		Total operating expenses	1 395 044	1 381 618
123 710	**79 749**		**Operating profit**	**137 407**	**92 991**
			Finance income and expenses		
9 689	11 184	9	Finance income	4 271	5 174
-46 884	-48 932	6, 9	Finance expenses	-46 890	-48 942
-37 195	-37 748		Net finance items	-42 618	-43 768
86 515	**42 001**		**Profit before tax**	**94 789**	**49 224**
0	0	21	Tax expense on taxable activities	-2 003	-1 647
86 515	**42 001**		**Profit for the year**	**92 785**	**47 576**
			Allocation of profit for the year:		
-9 130	-13 202		Net to/(from) The Research Development Fund	-9 130	-13 202
0	-5 800		Net to/(from) Fund for MSc and PhD scholarships	0	-5 800
95 645	61 003		Transferred to other equity	101 915	66 578
86 515	42 001		Total allocated and transferred	92 785	47 576

Balance sheet as at 31 December

Parent company: | *Group:*

Parent 2016	Parent 2015	Note	NOK'000	Group 2016	Group 2015
			ASSETS		
142 909	159 475	5	Intangible assets	142 909	159 475
1 507 650	1 531 771	5	Buildings, technical installations, land	1 936 415	1 967 331
78 814	100 026	5	Machinery, furniture and fixtures, vehicles	106 694	128 040
174 281	174 281	8	Long-term receivables and investments	281	281
280 296	280 296	10	Shares in subsidiaries	0	0
2 183 948	2 245 850		Total non-current assets	2 186 298	2 255 127
			Current assets		
525	575	11	Inventories	525	575
102 233	101 736	9, 12	Trade receivables and other short-term receivables	99 144	99 134
279 554	216 615	13	Cash and bank deposits	305 063	225 124
382 312	318 926		Total current assets	404 732	324 833
2 566 260	**2 564 775**		**Total assets**	**2 591 031**	**2 579 960**
			EQUITY AND LIABILITIES		
			Paid-in equity		
1 300	1 300	14	The foundation's capital	1 300	1 300
			Retained earnings		
22 324	31 454	14	Funds	22 324	31 454
726 996	673 494	14	Other equity	742 429	682 657
749 320	704 948		Total retained earnings	764 753	714 111
750 620	706 248		Total equity	766 053	715 411
6 492	**6 054**	15	**Restricted funds**	**6 492**	**6 054**
			Provision for obligations		
0	0	21	Deferred tax	7 131	5 339
313 854	290 188	7	Pension obligations	313 854	290 188
15 254	17 447	17	Other provisions for obligations	15 254	17 447
329 109	307 635		Total provision for obligations	336 239	312 974
			Long-term debt		
1 072 000	1 162 500	16	Mortgage loan	1 072 000	1 162 500
1 072 000	1 162 500		Total long-term debt	1 072 000	1 162 500
			Short-term debt		
42 288	36 031	9	Trade payables	44 491	37 522
60 435	60 099		Public duties payable	60 178	59 699
0	0		Tax payable	198	0
305 317	286 209	9, 20	Other short-term debt	305 379	285 800
408 040	382 339		Total short-term debt	410 246	383 021
2 566 260	**2 564 775**		**Total equity and liabilities**	**2 591 031**	**2 579 960**
1 162 500	1 253 000	18	Assets pledged as security	1 162 500	1 253 000
		19	Rent commitments		

Parent company:			**Statement of cash flows 01.01.-31.12.**	*Group*:	
2016	**2015**		NOK'000	**2015**	**2015**
			Operating activities		
86 515	42 001		Profit before tax	94 788	49 224
95 323	101 266	+/-	Ordinary depreciation	105 251	110 897
330	170	+/-	Loss / (gain) on sale of non-current assets	316	170
5 810	-2 550	+/-	Changes in inventories, trade receivables and payables	5 128	3 726
-788	-961	+/-	Changes in other accruals	2 243	-5 024
187 191	**139 926**	**= (A)**	**Net cash flows from operating activities**	**207 727**	**158 992**
			Investing activities		
-33 953	-66 138	-	Investments in property, plant and equipment	-36 954	-69 782
200	198	+	Disposals of property, plant and equipment (sales amount)	200	198
0	15 157	+	Payments/disbursements on long-term claims	0	0
0	0	+	Proceeds from sale/liquidation of shares	0	0
0	0	-	Purchase of shares	0	0
0	222	+/-	Changes in other investments	0	222
-33 753	**-50 562**	**= (B)**	**Net cash flows used in investing activities**	**-36 754**	**69 362**
			Financing activities		
0	0	+	New debt (short-term and long-term)	0	0
-90 500	-23 500	-	Down-payment of debt	-90 500	-23 500
-90 500	**-23 500**	**= (C)**	**Net cash flows from/(used in) financing activities**	**-90 500**	**- 23 500**
62 938	65 865	A+B+C	Net change in cash and cash equivalents during the year	80 473	66 130
216 615	150 751	+	Cash and bank deposits at 1 January	224 542	158 414
279 554	**216 615**	**=**	**Cash and bank deposits at 31 December**	**305 015**	**224 544**

NOTES TO THE 2016 FINANCIAL STATEMENTS

(All amounts are in NOK 1 000 if not otherwise stated)

Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The most significant accounting principles are described below.

The consolidated financial statements comprise the parent company the Foundation BI Norwegian Business School and the subsidiaries BI-Bygget D-Blokka AS, Bedriftsøkonomisk Institutt AS, Studentenes Hus Nydalen AS, Sandakerveien 116-118 AS and Sandakerveien D-Blokka AS.

Of these, neither Bedriftsøkonomisk Institutt AS, Sandakerveien D-Blokka AS, Studentenes Hus AS, nor Sandakerveien 116-118 AS had any activities in 2016 (refer to Note 10).

a) Consolidation principles

The consolidated accounts have been prepared as if the Group was one financial unit. The accounts include the Foundation BI Norwegian Business School and companies in which the Foundation has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise actual control over the company.

Transactions and balances between the group companies have been eliminated. The consolidated financial statements have been prepared in accordance with the same accounting principles for both parent and subsidiaries.

The cost of shares in subsidiaries has been eliminated against equity in the subsidiary at the time of the acquisition.

The note tables have been prepared for the Group and the parent company for the last two years.

b) Revenue recognition

Tuition fees are recognised in the income statement in accordance with the level of completion of the prescribed curriculum. Income from commissioned research and other operating income is recognised when the service is delivered. BI receives public contributions to research projects. The contributions are recognised in the income statement in line with the progress of the projects.

Rent is recognised pursuant to the rent period, and overhead costs are recorded in the income statement with an on account amount. Overhead costs are settled at the end of the year.

c) Classification and valuation of assets and liabilities

Current assets and current liabilities comprise items due within one year after the acquisition date in addition to items related to the inventory cycle. Other balances are classified as non-current assets and liabilities, respectively.

d) Receivables

Receivables are carried in the balance sheet at their nominal value less a provision for expected losses. The provision for losses is, when possible, made on the basis of an individual assessment of each receivable. For the remaining receivables, a general provision is made to cover expected losses. Receivables in foreign currency are valued at the exchange rates at the balance sheet date.

e) Inventories

Inventories are valued at the lower of cost and net realisable value, reduced by a write-down for expected obsolescence.

f) Shares and bonds

Shares and bonds for permanent ownership or use are classified as non-current assets in the balance sheet, valued at cost unless circumstances not considered to be temporary have required a lower value.

Short-term investments of surplus liquidity (liquid shares and bonds classified as current assets) are valued at fair value at the balance sheet date. Received dividend and other contributions from the companies are recognised as other finance income.

g) Property, plant and equipment

Property, plant and equipment is capitalised and depreciated when the lifetime is more than 3 years and the cost exceeds NOK 100 000. Direct maintenance of fixed assets is expensed as operating costs when incurred, whereas improvements are added to the acquisition cost and depreciated with the related assets. Replacements of entire assets are recognised in the balance sheet.

In the tax accounts, the valuation principles of the tax legislation concerning capitalisation are adhered to, and property, plant and equipment considered to have a useful lifetime more than 3 years and a cost price exceeding NOK 15 000 is capitalised.

h) Pensions and pension obligations

BI's occupational pension scheme meets the legal requirements for occupational pension. BI's employees are partly included in the Norwegian Public Service Pension Fund (Statens Pensjonskasse - "SPK") and partly in private schemes through Storebrand. BI applies IAS 19 according to the Norwegian Accounting Standard (NRS) 6A.

The pension scheme in SPK is based on insurance principles. The scheme is, however, not based on funds, but the payments of pensions are guaranteed by the State pursuant to the Pension Act section 1. The determination of the premium and calculation of pension obligations are made in accordance with actuarial principles. Calculated pension funds give a yield equivalent to the government bond interest. According to NRS, the scheme is a defined benefit scheme.

Pension costs and pension obligations are calculated on the basis of straight-line earnings with assumptions on discount interest rates, future salary regulations, changes in pensions and benefits and return on pension funds, in addition to actuarial assumptions on mortality, voluntary retirements etc.

Changes in the obligation due to changes in pension plans are amortised over the assumed average remaining contribution time. Changes in the obligation and pension funds due to amendments in and deviations from the assumptions for the calculations (estimate changes) are recognised in equity.

Pension costs are included in salaries and other personnel costs.

In addition to the secured obligations, unsecured obligations related to employees with early retirement schemes have been estimated.

i) Research terms

Full-time employees in scientific positions at BI are entitled to research terms every sixth year. This implies one year with an obligation to research, exempt from teaching. An application for a research term shall be approved by the vice-president and shall comply with the budget process and the various activity plans. The salary of an employee's research term is considered to be costs for necessary competence improvement and expensed as an ordinary operating cost.

j) Loss contracts

A contract is classified as a loss contract if BI has a binding agreement with an estimated negative present value. Loss contracts are accounted for as an obligation at a best estimate.

k) Income tax

The Foundation BI is not liable to pay taxes, but the rent of premises is taxable.

The tax expense in the income statement comprises both the period's tax payable and the change in deferred tax. Deferred tax is calculated at 25% of the basis of the temporary differences existing between accounting and tax values, in addition to the tax losses to carry forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that reverse or can reverse in the same period are netted. Net deferred tax benefits are carried in the balance sheet when it is more probable than not that the tax assets can be utilised.

All the subsidiaries are liable to pay taxes.

l) Interest swap agreements
BI applies interest swap agreements to secure future interest payments on long-term loans, accounted for as hedges. The cash flows from the interest swap agreements are matched with the interest payments related to long-term loans. The interest swap agreements are not carried in the balance sheet.

m) Cashflow statement / Cash and cash equivalents
The cashflow statement has been prepared using the indirect method. This means that the analysis is based on the Foundation's profit for the year in order to present cash flow from ordinary operations, investment activity and financing activity. Cash and cash equivalents include cash and short-term bank deposits.

Note 1 Government subsidies

Government subsidies are determined in connection with the annual budget negotiations in the Norwegian Parliament (Stortinget).

2016	**2015**	
115 854	109 667	The education component Chapter 260
38 183	32 807	The research component Chapter 260
123 467	121 442	Long-term and strategic funds Chapter 260
277 504	263 916	Total government subsidies

Note 2 Operating income

Operating income exclusive government subsidies

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
164 474	158 105	Campus Bergen	164 474	158 105
915 144	871 265	Campus Oslo	933 761	894 532
64 994	73 991	Campus Stavanger	64 994	73 991
91 718	84 065	Campus Trondheim	91 718	84 065
1 236 330	1 187 426	Total operating income exclusive government subsidies	1 254 947	1 210 693

Other operating income mainly includes the sale of compendiums and books, rent income, gifts and royalty income.

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
2 725	3 153	Printing works and publishing income	2 725	3 153
24 100	25 068	Rent income	43 438	47 919

6 737	5 725	Public and private contributions and gifts	6 737	5 725
11 344	9 653	Other income	10 623	10 069
44 905	43 600	Total other operating income	63 522	66 867

In the autumn of 2012, BI decided to terminate the activity in Studentenes Hus Nydalen. This implied that the rent agreement related to Studentenes Hus was transported back to BI, and BI started the work to lease the premises to other businesses. At the end of 2016 there is no vacancy in these premises. There has been no changes in the rental areas in the A, B and C-Blokka during 2016. The areas which are subject to lease are 3 339 square meters. In the subsidiary BI-Bygget D-Blokka as, the vacancy at the end of 2016 was 8%, constituting 1 352 square meters.

Note 3 Salaries and other personnel costs

The remuneration to the CEO (the president) in 2016 constituted NOK 2 363 440. Other taxable benefits amounted to NOK 8 767. The president is a member of BI's ordinary pension scheme in SPK. Net estimated pension cost including social security tax for 2016 was NOK 190 133. The president is entitled to one year's research term with a president's salary when his functional has ended. The CEO has no bonus agreement.

BI has no pension obligations to the members of the Board other than the employee representatives who are part of BI's ordinary pension schemes. The board fees for 2016 have been paid as follows:

	Navn	Appointed by	Election period	Board fees
Chair of the Board	Knut Haanæs	The Board	01.08.15-31.07.18	0
Vice-Chair	Maalfrid Brath	The Board	01.08.14-31.07.17	125 000
Board Member	Marianne Stenius	The Board	01.08.15-31.07.18	100 000
Board Member	Gunnar Bjørkavåg	The Board	01.08.16-31.07.19	100 000
Board Member	Gabriel Garcia Benito	Prof. staff	01.08.15-31.07.17	100 000
Board Member	Ingunn Myrtveit	Prof. staff	01.08.14-31.07.16	50 000
Board Member	Caroline Ditlev-Simonsen	Prof. staff	01.08.16-31.07.18	50 000
Board Member	Silje Engeseth	Adm. staff	01.08.15-31.07.17	100 000
Observer	Nicole Ebbing	Adm. staff	01.08.15-31.07.17	3 500
Observer	Anders Gautvik-Minker	Adm. staff	01.08.15-31.07.17	24 500
Board Member	Espen Haugen	The students	01.01.16-31.07.16	50 000
Board Member	Niklas Bråthe	The students	01.08.16-31.12.16	50 000
Observer	Niklas Bråthe	The students	01.01.16-31.07.16	14 000
Observer	Even Opsal	The students	01.08.16-31.12.16	10 500
Sum				777 500

No loans or guarantees for loans have been given to the CEO or Chair of the Board.

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
679 943	656 257	Salaries	681 031	657 045
90 701	84 470	Social security tax	90 701	84 470
54 607	77 143	Pension costs incl. social security tax	54 607	77 143
20 140	23 318	Other contributions	20 140	23 318
845 390	841 188	Total	846 478	841 976
834	845	Number of employees at 31 December	834	845
757	764	Converted to full-time equivalents	757	764

The auditor fees in 2016 were as follows:

		Parent company	Group
Statutory audit	NOK	393 226	480 601
Other attestation services	NOK	81 725	81 725
Tax assistance	NOK	22 375	39 125
Other assistance	NOK	175 625	175 625
Total	NOK	672 951	777 076

All amounts in NOK and including VAT.

Note 4 Other operating expenses

Parent company			Group	
2016	**2015**		**2016**	**2015**
124 828	115 107	Rent and administration costs [1)]	116 900	113 332
66 474	57 774	IT expenses	66 474	57 774
19 235	18 727	Books, magazines and misc. subscriptions	19 235	18 727
53 556	55 557	Marketing	53 835	55 705
56 739	48 687	Travel and meeting costs	56 739	48 687
17 594	18 438	Copying and printing	17 594	18 438
11 293	11 737	Telephone, postage and freight costs	11 295	11 742
39 070	45 597	Costs concerning collaborating schools	39 070	45 597
59 298	56 493	Misc. expenses	60 848	57 722
448 087	428 118	Total	441 990	427 724

[1)] See also note 17.

Note 5 Property, plant and equipment

The assets are depreciated over their assumed lifetime using the straight-line method and at the following rates:

Intangible assets	15-25%
Vehicles	20%
Machinery, furniture etc.	10-20%
Data equipment	25%
Buildings	1.5%

Personal data equipment used in teaching, administrative work or research is expensed, as it is not expected to have a life in excess of three years due to wear and tear and the rapid technical development.

Parent company

	Intangible assets	Machinery, equipment, vehicles	Building Nydalen, Oslo	Land Nydalen, Oslo	**Total**
Cost at 1 January	248 868	266 724	1 677 115	105 300	2 298 008
Additions	19 243	13 666	1 044	0	33 953
Disposals at cost	0	-1 014	0	0	-1 014
Cost at 31 December	268 111	279 376	1 678 159	105 300	2 330 946
Acc. depreciation/write-down at 1 Jan	89 393	166 698	250 644	0	506 735
Depreciation/write-down on disposals	0	-484	0	0	-484

Ordinary depr. and write-down of the year	35 810	34 348	25 165	0	95 323
Acc. depreciation at 31 December	125 202	200 562	275 810	0	601 574
Value in balance sheet at 31 December	142 909	78 814	1 402 350	105 300	1 729 372

Group:

	Intangible assets	Machinery, equipment, vehicles	Building Nydalen, Oslo	Land Nydalen, Oslo	**Total**
Cost at 1 January	248 868	303 147	2 130 072	165 300	2 847 387
Additions	19 243	16 666	1 044	0	36 954
Disposals at cost	0	-1 014	0	0	-1 014
Cost at 31 December	268 111	318 799	2 131 116	165 300	2 883 326
Acc. depreciation/write-down at 1 Jan	89 393	175 106	328 042	0	592 541
Depreciation/write-down on disposals	0	-484	0	0	-484
Ordinary depr. and write-down of the year	35 810	37 482	31 960	0	105 251
Acc. depreciation at 31 December	125 202	212 104	360 001	0	697 308
Value in balance sheet at 31 December	142 909	106 695	1 771 115	165 300	2 186 018

IT systems and in-house developed IT solutions are included in intangible assets.

Note 6 Finance costs

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
46 119	48 261	Interest on mortgage loan	46 119	48 261
765	671	Other interest and misc. costs	771	681
46 884	48 932	Total finance costs	46 890	48 942

Note 7 Pensions

The scheme in the Norwegian Public Service Pension Fund (SPK) comprises 370 working persons and 88 pensioners as at 31 December 2016 (328 and 80, respectively, as at 31 December 2015).

The scheme in Storebrand comprises 601 working persons and 138 pensioners as at 31 December 2016 (691 and 132, respectively as at 31 December 2015).

Assumptions on which the calculations are made (see also h) under accounting principles):

	2016	2015
Discount interest rate	2.60 %	2.70 %
Annual salary regulation	2.50 %	2.50 %
Annual G regulation	2.25 %	2.25 %
Annual pension regulation	1.50 %	1.50 %
Return on pension funds SPK	2.60 %	2.70 %
Return on pension funds Storebrand	2.60 %	2.70 %

The basis for the calculation from SPK is a voluntary retirement varying from appr. 12.6% for the youngest to appr. 1.8% for the oldest in the scheme. For the calculations from Storebrand, the basis is a voluntary retirement varying from 95% for the youngest to 0% to the oldest in the scheme. Many members included in the calculations from Storebrand are students employed only during their studies. Consequently, the voluntary retirement is high for the youngest members of the scheme. The assumptions correspond with those applied in 2015.

BI is a member of the early retirement pension scheme (AFP), which is a collective pension scheme for the private sector in Norway and comprises all employees working in businesses with a wage agreement including AFP. In 2015, the scheme comprised appr. 805 000 employees on a national scale. The AFP scheme is based on a third party cooperation between the employer and employee organisations and the State. The State covers 1/3 of the pension costs to AFP, and associated enterprises cover 2/3. All BI's employees included in the pension scheme in Storebrand are members of the AFP scheme.

The right to early retirement pension (AFP) requires that the member must meet several conditions, such as being employed at the time when the pension is paid and actually working in a business that is a member of the scheme. The employee must have been consecutively employed for the last three years and in a company that has applied the scheme in 7 of the last 9 years. An annual pension will be calculated on the basis of 0.314% of the pensionable annual earnings up until 7.1 G from 13 years up to and including 61 years. The scheme is administered by a joint administration ("Fellesordningen for AFP"), which also determines and collects the premium. The premium shall be adequate to cover day-to-day costs and also constitute the basis for accumulate a pension fund. Next year's premium rate is 2.5% of salaries between 1 and 7.1 G (at 31 December 2015, 1 G amounts to NOK 92 576)

This joint administration does not publish estimates on future premium rates, but assumes that the premium for the new AFP must increase over time in order to meet expectations for higher payments with adequate buffer capital. Enterprises participating in AFP schemes are jointly and severally liable for two thirds of the pension to be paid to the employees who at all times satisfy the conditions. This liability concerns both missing payments and in the event that the premium rate turns out to be inadequate.

For accounting purposes, the scheme is considered to be a defined benefit multi-companies scheme. BI is not able to identify its share of the scheme's underlying financial position and result with an adequate degree of reliability, and for this reason, the scheme is accounted for as a defined contribution scheme. This implies that the AFP scheme is not carried in the balance sheet. Premiums to the scheme are expensed when incurred. Contributions to the AFP scheme are included in salaries and other personnel costs in the income statement, and constituted MNOK 5.1 in 2016 (2.5% of salaries between 1 and 7.1 G).

The period's pension costs	2016 SPK	2016 Storebr secured schemes	2016 Storebr unsecured schemes	2016 Total	2015 SPK	2015 Storebr secured schemes	2015 Storebr unsec. schemes	2015 Total
Present value of the year's pension earned, incl. social security tax	24 969	31 287	0	56 257	27 962	47 802	0	75 764
+ interest expense of accrued pension obligations	16 119	16 957	0	33 077	14 603	15 762	0	30 365
- estimated return on pension funds	-13 096	-12 541	0	-25 637	-10 651	-9 748	0	-20 399
+/- administration costs	852	0	0	852	827	0	0	827
Net pension costs	28 845	35 703	0	64 549	32 741	53 815	0	86 556
+/- plan changes incl. social security tax in income statement	0	0	0	0	0	0	0	0
Pension costs incl. social security tax	28 845	35 703	0	64 549	32 741	53 815	0	86 556
- the employees' share (deducted from salaries)	-4 384	-5 557	0	-9 942	-4 165	-5 248	0	-9 413
Pension costs of the year incl. social security tax	24 460	30 160	0	54 607	28 576	48 567	0	77 143

Pension funds and pension obligations (all amounts include social security tax)	31 December 2016 SPK	31 December 2016 Storebr secured schemes	31 December 2016 Storebr unsecured schemes	31 December 2016 Total	31 December 2015 SPK	31 December 2015 Storebr secured schemes	31 December 2015 Storebr unsec. schemes	31 December 2015 Total
Estimated gross pension obligation	-667 857	-575 295	0	-1 243 152	-603 102	-575 460	0	-1 178 562
Estimated value of pension funds	508 049	421 821	0	929 869	478 116	410 258	0	888 374
Net pension obligation	-159 808	-153 474	0	-313 282	-124 986	-165 202	0	-290 188
Plan changes not included in income statement	0	-572	0	-572	0	0	0	0
Net pension funds/(obligation)	-159 808	-154 046	0	-313 854	-124 986	-165 202	0	-290 188

BI sets off estimate deviations directly against equity, and in 2015 and 2016 the following was recorded in equity:

Pension funds and pension obligations	31 December 2016 SPK	31 December 2016 Storebr secured schemes	31 December 2016 Storebr unsecured schemes	31 December 2016 Total	31 December 2015 SPK	31 December 2015 Storebr secured schemes	31 December 2015 Storebr unsec. schemes	31 December 2015 Total
Estimate deviations against equity at 31 Dec	-32 831	-9 312	0	-42 143	77 540	96 924	0	174 464

Note 8 Long-term receivables and investments

BI has the following shares:

Description	Company/fund	No. of shares	Nominal amount	Stake and voting right	Balance sheet value
Shares	Oslotech as (former Forskningsparken AS), B shares	55	55	1.20 %	0
Shares	Kikora AS	5 475	1.50	2.52 %	0
Shares	International School of Management[1)]	600	1	1.00 %	281
Total					281

[1)] Nominal amount in Litas

Note 9 Intercompany balances etc.

The parent company has given the subsidiary BI-Bygget D-Blokka AS a loan at a nominal value of MNOK 174,0. The loan is interest-only until 31 December 2023 with an interest of 3 months NIBOR + 2.15% margin.

Group balances 2016:

	Trade receivables		Other receivables	
	2016	**2015**	**2016**	**2015**
Group companies	266	3 245	177 119	174 831
Associated company	0	0	0	0
Joint venture	0	0	0	0
Total	2 660	3 245	177 119	174 831

	Other short-term debt		Trade payables	
	2016	**2015**	**2016**	**2015**
Group companies	0	461	0	0
Associated company	0	0	0	0
Joint venture	0	0	0	0
Total	0	461	0	0

Significant transactions 2015:

	Sales income		Operating expenses	
	2016	**2015**	**2016**	**2015**
Group companies	2 867	1 868	12 443	6 930
Associated company	0	0	0	0
Joint venture	0	0	0	0
Total	2 867	1 868	12 443	6 930

	Interest income		Interest expenses	
	2016	**2015**	**2016**	**2015**
Group companies	5 549	6 106	0	0
Associated company	0	0	0	0
Joint venture	0	0	0	0
Total	5 549	6 106	0	0

Note 10 Shares in subsidiaries

Company	No. of shares	Nominal value	Stake and voting right	Value in balance sheet
Bedriftsøkonomisk Institutt AS	100	1	100.00 %	100
BI-Bygget D-Blokka AS	229 100	1	100.00 %	280 055
Sandakerveien D-Blokka AS	300	1	100.00 %	45
Studentenes Hus Nydalen AS	100	2	100.00 %	0
Sandakerveien 116-118 AS	100	1	100.00 %	96
Total				280 296

All subsidiaries are located in Nydalsveien 37, Oslo, Norway

Note 11 Inventories

Inventories comprise supplies in the printing works and publishers, including compendiums and equipment. There is no known obsolescence.

Note 12 Other short-term receivables

2016	2015	
1 900	2 000	Provision for possible losses at 31 December
1 424	921	Actual losses
-100	100	Change in provision
1 324	1 021	Loss on receivables of the year

Receivables due in more than one year:

7 834	9 022	Loans to employees

Note 13 Restricted employee tax

2016	2015	
40 908	39 379	Deposited on the withheld tax account

Note 14 Equity

Parent company:

The parent company has utilised MNOK 9.1 net of the Research Development Fund in 2016. This year’s profit of MNOK 86.5 mkr has been transferred to other equity.

	Equity at 1 Jan 2016	This year’s effect of estimate deviation on pensions	This year’s additions to funds	This year’s expen-diture of funds	Profit for the year	Equity at 31 Dec 2016
The foundation’s capital	1 300					1 300
• Research Development Fund	31 464		1 759	-10 889		22 324
• Fund for MSc and PhD scolarships	0					0
Total funds	31 454		1 759	-10 889		22 324
Other equity	673 494	-42 143	-1 759	10 889	86 515	726 996
Total equity	706 248	-42 143	0	0	86 515	750 620

Group:

	Equity at 1 Jan 2016	This year’s effect of estimate deviation on pensions	This year’s additions to funds	This year’s expen-diture of funds	Profit for the year	Equity at 31 Dec 2016
The Foundation’s capital	1 300					1 300
Funds	31 454		1 759	-10 889		22 324
Other equity	682 657	-42 143	-1 759	10 889	92 785	742 429
Total equity	715 411	-42 143	0	0	92 785	766 053

Note 15 Restricted funds

The Foundation has the following restricted funds:

2016	2015	
2 982	2 954	The NVH Fund
1 800	1 780	Welfare fund - employees
590	471	Erasmus Scholarship
1 121	848	Other funds
6 492	6 054	Total restricted funds

The NVH Fund was established on 1 January 2000 at the merger between BI and Norges Varehandelshøyskole (NVH). The fund received further means in 2002, like a deed of gift at the sale of the NVH Foundation's property at Drengsrud in Asker and the realisation of shares in NVH-Konsult AS. A separate board has been established for the funds. The Board grants money and administers the bank account.

Interest income and return related to the NVH Fund is not included in the income statement of the Foundation, but carried directly in the balance sheet account of the fund.

The Welfare Fund for employees, established in 2005, originates from the gain of the sale of a firm bungalow on Lanzarote. In 2016, nothing was granted or paid out from the fund. The fund was credited a 1.1% annual interest in 2016.

Each year, BI applies for Erasmus Scholarship means. The application is sent to the center for the internationalisation of higher education ("Senter for internasjonalisering av høyere utdanning" - SIU) for allocating EU funds to exchange students. There are definite guidelines for allocations per student.

There are no conditions with accounting effects concerning other funds.

Note 16 Long-term debt

The entire long-term loan is with DNB and secured by mortgage in the parent company's and BI-Bygget D-Blokka AS' assets (Note 18).

In 2016 there was paid installments amounting to MNOK 90.5. The same amount is due in 2017, before the entire residual amount is due on 20 December 2018. BI has the opportunity to pay installments of a minimum of MNOK 10.0 between the maturity dates.

The balance of the long-term loan structure in DNB is shown in the table below:

Lender mortgage	Interest period	Interest	Remaining debt 31 Dec 2015	Changes 2016	Down payments 2016	Remaining debt on 31 Dec 2016
DNB	Floating interest	1)	290 000		-67 000	223 000
DNB	Floating interest	1)	413 000		-23 500	389 500
DNB	Fixed interest until 3 April 2018	3.53 %	50 000			50 000
DNB	Fixed interest until 4 April 2022	5.46 %	100 000			100 000
DNB	Fixed interest until 2 Oct 2023	5.48 %	150 000			150 000
DNB	Fixed interest until 2 Jan 2025	3.07 %	100 000			100 000
DNB	Fixed interest until 2 Jan 2026	6.04 %	100 000			100 000
DNB	Fixed interest until 3 April 2028	6.70 %	50 000			50 000
Total mortgage			1 276 500	0	-90 500	1 162 500

1) The average interest for 2016 was 3.82% p.a.

The installments due in 2017, MNOK 90.5, is classified as short-term debt, but are included in the table above in the remaining debt on 31 Dec 2016.

Included in the states interest rates is the agreed interest to DNB of NIBOR + 1.50 % p.a. The margin of 1.50 % is fixed until 2 February 2017 when it will be changed to 1.35%. The margin can be renegotiated on an annual basis.

The total market value of interest swap agreements as at 31 December 2016 is calculated to be MNOK -99 873 (obligation BI). The market value as at 31 December 2015 was calculated to be MNOK -110 037 (obligation BI).

In the loan agreement with DNB, the following requirements to financial covenants from 31 December 2016 and the following years have been established. The figures are:

	2016	2017	2018
NIBD/EBITDA	<5.0	<5.0	<5.0
Interest cover	>1.7	>1.7	>1.7

NIBD is net interest-bearing debt. EBITDA is the operating result before interest, taxes, depreciation and revaluations.

The interest cover is defined as: $\frac{\text{Result} - \text{finance costs}}{\text{finance costs}}$

For 2016 the ratios were:

	2016
NIBD/EBITDA	4.01
Interest cover	2.85

Note 17 Other provisions for obligations

In 2012, it was decided to close down Studentenes Hus in Nydalsveien 15-17. The lease agreement for this building was transported back to BI on 15 November 2012. The rent in the original contract with Avantor is higher than what is possible to achieve in today's market. Accordingly, a provision has been made for estimated losses until the lease contracts expire in 2025. The share of the provision concerning 2016 is classified as short-term debt.

Description	Provision 31 Dec 2015	Utilised	Provision 31 Dec 2016
Obligation Studentenes Hus	17 447	-2 192	15 254

Note 18 Assets pledged as security

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
1 162 500	1 253 000	Debt secured by mortgage	1 162 500	1 253 000

		Mortgaged assets:		
1 402 350	1 426 471	Buildings	1 771 115	1 802 030
105 300	105 300	Land	165 300	165 300
221 723	259 502	Operating equipment	249 603	287 515
42 758	50 088	Trade receivables	42 233	46 410
1 772 130	1 841 361	Total value in balance sheet	2 228 251	2 301 255

Note 19 Rent commitments

The parent company has the current rent agreements for premises with annual amounts as stated below:

	Commitment
2017	74 599
2018	81 530
2019	77 878
2020	67 470
2021 and later, in total	734 466
Total commitments	1 035 943

The current agreement in Trondheim expires 31 July 2018. New premises in Trondheim runs from 15 June 2018 until 14 June 2038. The other agreements have remaining lease periods between 1.5 and 14.5 years.

Note 20 Other short-term debt

The following balances are included in other short-term debt:

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
80 012	77 305	Vacation pay incl. social security tax	80 012	77 305
9 178	6 723	Accrued salary and personnel costs	9 178	6 723
2 126	1 521	Severance pay and gift pensions	2 126	1 521
37 154	38 457	Accrued income for commissioned research	37 154	38 457
10 023	3 168	Prepaid gift professorships	10 023	3 168
11 390	10 945	Not settled censoring	11 390	10 945
14 787	14 840	Prepaid training fees	14 787	14 840
11 135	11 644	Accrued interest	11 135	11 644
90 500	90 500	Next years installments long-term loan	90 500	90 500
2 068	2 740	Liquidation costs high schools/premises	2 068	2 740
36 943	28 366	Misc. accrued expenses	37 006	27 957
305 317	286 209	Total other short-term debt	305 379	285 800

Note 21 Taxable activities (lease of premises)

BI is not a taxable foundation, but the lease of premises is liable for taxation. All the subsidiaries are taxable.

The tax expense in the income statement comprises both the period's tax payable and the change in deferred tax. Deferred tax is calculated on the basis of the temporary differences between the accounting and taxable values in addition to any taxable losses to carry forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that reverse or can reverse in the same period, are netted. Balance sheet recorded deferred tax assets on net tax reducing differences not netted and losses to carry forward shall be justified with assumed future earnings. Deferred tax and tax benefits that can be carried shall be shown net in the balance sheet. Deferred tax is accounted for at nominal amounts in both the parent company's accounts and the consolidated financial statements.

Parent company			*Group*	
2016	**2015**		**2016**	**2015**
		The tax expense of the year includes:		

0	0	Tax payable	199	0
-2 055	1 571	Change in deferred tax	-265	3 219
0	0	To little tax in previous years	14	0
2 055	-1 571	Deferred tax benefits not carried in balance sheet	2 055	-1 571
0	0	Total tax expense	2 004	1 648

		Calculation of the tax basis of the year:		
4 472	4 908	Result before tax, taxable activities	13 416	12 800
0	0	Permanent differences	-82	0
-4 363	-9 140	Change in temporary differences	-8 327	-13 951
-108	4 232	Change in tax losses to carry forward	-5 363	1 442
0	0	Application of interest rate difference to carry forward	1 138	-292
0	0	Tax basis of the year	782	0
0	0	Tax payable (25%) of the basis of the year	195	0

		Specification of the temporary differences:		
41 061	52 441	Non-current assets	110 943	118 359
0	0	Interest costs to carry forward	-1 138	0
-17 322	-19 518	Provisions pursuant to generally accepted accounting principles	-17 322	-19 518
-45 092	-45 200	Accumulated losses to carry forward	-53 919	-59 671
0	0	Correction income (transitional tax rule)	-34 576	-34 576
-21 353	-12 277	Total	3 988	4 594

-5 125	-3 069	24% deferred tax/(tax benefit)	957	1 148
-5 125	-3 069	of this deferred tax benefits not carried in balance sheet	-6 172	-4 191
0	0	Deferred tax/(deferred tax benefits) carried in balance sheet	7 130	5 339

		Explanation of why the tax expense of the year does not constitute 25% of profit before tax:		
1 118	1 325	25% of profit before tax	3 354	3 456
214	246	Effect of a change in tax rate on deferred tax benefits	-35	-92
0	0	To little tax in previous years	14	0
2 055	-1 571	Deferred tax benefit not carried in balance sheet	2 078	-1 717
-3 387	0	25% of change in temporary differences as a consequence of changes lease share	-3 387	0
0	0	Permanent differences (25%)	-20	0
0	0	Calculated tax expense	2 004	1 647

0,0 %	0,0 %	Effektive tax rate *)	14,9 %	12,9 %

*) Tax expense compared to taxable profit before tax