

Annual accounts 2014

**Van Hall Larenstein University of Applied Sciences
Foundation (VHL)**

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1. Financial report

1.1 Result 2014

These are the results of the Van Hall Larenstein Foundation and its group companies (Business Center Van Hall Foundation, Onroerend Goed Larenstein Foundation and Larenstein Transfer Foundation).

The consolidated annual accounts 2014 shows a positive result of €4.2 million, which is €3.4 million more positive than was budgeted.

The positive variance from the budget of €3.4 million, of which €3.2 million is caused by “incidental or non-recurring” income and expenses, consists of:

- Payment from Waarborgfonds HBO (a guarantee fund for the higher professional education sector) of €0.5 million.
- One-off higher direct government funding of €1.6 million.
- Higher other income of €0.8 million, mainly due to the release of provisions for losses on projects.
- Valuation of consumables stock of €0.3 million; stock is included in the balance sheet from 2014.

The payment from Waarborgfonds HBO is a one-off payment, the first instalment of which was made in 2013 and the second in 2014.

The higher direct government funding of €1.6 million is an adjustment that was announced in the direct government funding letter of September 2014. This amount is not expected to be included in the structural multiyear framework.

The remaining positive variance from the budget of €0.2 million is mainly the result of lower general ICT costs.

Liquidity

The liquidity expressed in the current ratio has improved further in comparison to 2013 . The current ratio as at 31 December 2014 is 1.00. This was 0.86 on 31 December 2013 .

The balance of cash at banks and in hand amounted to €14.6 million as at 31 December 2014 . The budgeted balance of cash at banks and in hand as at 31 December 2014 amounted to €11.2 million, a positive variance of €3.4 million. This includes the opening balance of cash at banks and in hand that was €1.0 million lower than budgeted on 1 January 2014 as well as the higher one-off direct government funding of €1.6 million, the payment of €0.5 million from Waarborgfonds HBO and the other operating capital that was €0.3 million higher.

From the balance of cash at banks and in hand of €14.6 million, €8.1 million is freely available, while €6.5 million is the portion that is not available is a deposit account at BNG, which is used only for loan repayments to BNG. The deposit decreases in line with the loan.

Solvency

Solvency improved strongly in 2014 . Solvency on 31 December 2014 amounted to: 35.1%
This was 26.6% on 31 December 2013 .

This increase of 8.5% was achieved by adding the positive result of €4.2 million for 2014 to the general reserves. On the other hand, solvency decreased because of the increase of €2.2 million in the balance sheet total, as a result of a rise in receivables and prepayments. The aim is to keep solvency for the next few years above or at the benchmark rate of 30%.

If the long-term loan of €6.5 million were to be repaid from the available liquid assets, the solvency ratio would improve significantly and be at 41.2%. The loan has not been repaid as it would trigger a heavy penalty interest payment.

1.2 Investment policy

Van Hall Larenstein has a multiyear investment plan that runs from 2013 to 2015. This includes the total investments in tangible fixed assets and the effect on depreciation and cash flow. The basic principle of the investment plan is that the annual investment amounts are in line with the annual depreciation costs (known as a zero net investment policy).

The investments made in 2014 amounted to €0.7 million and were €1.5 million lower than budgeted. This was mainly because the investment of €1.4 million in the Leeuwarden building was not made in 2014.

The budgeted total amount for normal investments in 2015 is €0.9 million, which excludes the intended renovation plans and includes the sustainable investments for this year. In accordance with the institution's mission, sustainable and green investments form part of these investments.

1.3 Treasury policy

Van Hall Larenstein has been guided in 2014 by the Regulations on Investments and Raising of Money on Assets by Educational and Research Institutes 2011 (*Regeling Beleggen en Belenen door Instellingen voor onderwijs en onderzoek 2011*). When managing its financial position and financial flows, Van Hall Larenstein also strives to minimise costs and risks and maximise income.

Van Hall Larenstein acted in accordance with the Regulations on Investments and Raising of Money on Assets by Educational and Research Institutes 2011 in 2014. Interim reports have explained the financial development of Van Hall Larenstein. On 31 December 2014, Van Hall Larenstein granted a loan to the WAC Foundation, which complied with the Regulations. It made no other investments and did not raise any money on assets.

The entire BNG deposit account included under liquid assets, with a balance of €6.5 million on 31 December 2014, has been provided as security (a disclosed first pledge) for the loan from BNG included under long-term debts. The loan repayment will be deducted each quarter directly from the deposit account for the next ten years.

1.4 Public and private activities

The private activities of Van Hall Larenstein are limited and immaterial and involve only the activities of the VHL Training & Courses Department, for which market-related rates are applied.

Before 2011, most of the project activities were placed under a separate foundation (Business Center Van Hall Foundation). From 2011, the new projects were transferred to the Van Hall Larenstein Foundation, which is significant because it means there is a direct substantive link between the project and training. The funders are nearly all grant providers from the public domain, such as the Ministry of Economic Affairs, Nuffic, the Provinces, the EU, etc. The rates (or basis for the rates) are stipulated in the grant conditions of these grant providers.

The 2014 annual report of the Van Hall Larenstein Foundation is appended separately.

2. Budget and prospects for 2015

The budgeted result for 2015 is €0.0 million. The Executive Board of Van Hall Larenstein aims for a minimal solvency ratio of 30%, which was exceeded at the end of 2014.

The budgeted statement of income and expenditure for 2015 follows below.

	Budget 2015
INCOME	
Direct government funding from the Ministry of Economic Affairs	34,487
Tuition, course and examination fees	8,884
Income from work for third parties	8,043
Rent	1,483
Other income	1,209
TOTAL INCOME	54,106
EXPENDITURE	
Personnel expenses	35,007
Depreciation	1,342
Accommodation costs	2,998
Other expenses	14,508
TOTAL EXPENDITURE	53,855
OPERATING RESULT	251
Financial income and expenditure	-251
NET RESULT	0
Amounts x €1,000	

3. Consolidated annual accounts

3.1 Consolidated balance sheet

After the appropriation of the net result

	31 December 2014	31 December 2013	
ASSETS			
FIXED ASSETS			
1	Tangible fixed assets	22,592	23,024
2	Financial fixed assets	351	333
	Total fixed assets	22,943	23,357
CURRENT ASSETS			
3	Inventories	228	0
4	Receivables and prepayments	5,647	3,081
5	Cash at banks and in hand	14,634	14,836
	Total current assets	20,509	17,917
	TOTAL ASSETS	43,452	41,275
LIABILITIES			
EQUITY			
	General reserves	15,238	10,698
	Appropriated reserve	0	279
6	EQUITY	15,238	10,977
7	PROVISIONS	1,644	2,732
8	LONG-TERM DEBTS	5,976	6,756
9	CURRENT LIABILITIES	20,594	20,809
	TOTAL LIABILITIES	43,452	41,275

Amounts x €1,000

3.2 Consolidated statement of income and expenditure

	Result for 2014	Budget 2014	Result for 2013
10 INCOME			
Direct government funding from the Ministry of Economic Affairs	30,680	28,180	28,490
Other reimbursements	2,712	2,629	3,730
Tuition, course and examination fees	8,503	8,655	7,968
Income from work for third parties	8,168	11,281	7,836
Other income	3,627	2,930	3,197
TOTAL INCOME	53,690	53,675	51,222
EXPENDITURE			
11 Personnel expenses	32,543	32,356	32,227
12 Depreciation	1,174	1,287	1,031
13 Accommodation costs	3,583	3,629	3,397
14 Other expenses	12,002	15,414	12,132
TOTAL EXPENDITURE	49,302	52,685	48,787
OPERATING RESULT	4,388	990	2,434
15 Financial income and expenditure	-172	-176	-221
RESULT FROM ORDINARY ACTIVITIES BEFORE TAX	4,216	814	2,213
Taxation on ordinary activities	0	0	0
16 Share in profit/loss of participations	45	0	0
RESULT FROM ORDINARY ACTIVITIES AFTER TAX	4,261	814	2,213
Third-party share	0	0	0
Extraordinary income and expenditure	0	0	0
NET RESULT	4,261	814	2,213

Amounts x €1,000

3.3 Consolidated cash flow statement

	Result for 2014	Result for 2013
OPERATIONAL ACTIVITIES		
Net result	4,261	2,213
Depreciation	1,174	1,031
	5,435	3,244
Movement in provisions	-1,087	62
Movement in operating capital:		
Inventories	-228	
Accounts receivables	-1,655	684
Current liabilities	-1,126	1,728
	-4,096	2,474
Cash flow subtotal	1,338	5,718
Interest received	0	36
Interest paid	0	4
Extraordinary result	0	0
Cash flow from financing activities	0	40
Cash flow from operational activities	1,338	5,758
INVESTMENT ACTIVITIES		
Investments in buildings and land	-330	-1,072
Investments in other tangible assets	-412	-819
Divestments of fixed assets	0	0
Movement in financial fixed assets	-18	-333
Cash flow from investment activities	-760	-2,224
FINANCING ACTIVITIES		
Newly contracted loans	0	0
Repayment of long-term debts	-780	-838
Cash flow from financing activities	-780	-838
CASH FLOW	-201	2,696
MOVEMENT IN LIQUID ASSETS		
Balance of cash at banks and in hand as at 1 January	14,836	12,139
Balance of cash at banks and in hand as at 31 December	14,634	14,835
Movement in cash at banks and in hand	-202	2,696

Amounts x € 1,000

An explanatory note is included under "5. Cash at bank and in hand".

3.4 Notes to the consolidated balance sheet

1 TANGIBLE FIXED ASSETS

	Land	Buildings	Plant and equipment	Total
Book value as at 31 December 2013	3,945	17,539	1,540	23,024
Investments	0	330	412	742
Divestments*	0	0	0	0
Depreciation	0	540	634	1,174
Exceptional write-downs	0	0	0	0
Book value as at 31 December 2014	3,945	17,329	1,318	22,592
Acquisition value as at 31 December 2013	3,945	37,202	22,854	64,001
Investments 2014	0	330	412	742
Acquisition value as at 31 December 2014	3,945	37,532	23,266	64,743
Accumulated depreciation	0	20,203	21,948	42,151
Accumulated write-downs	0	0	0	0
Book value as at 31 December 2014	3,945	17,329	1,318	22,592
* Divestments, of which:				
– Acquisition price	0	0	0	0
– Depreciation	0	0	0	0
Total divestments	0	0	0	0

Amounts x € 1,000

The value of land and buildings owned, for the purpose of the Valuation of Immovable Property Act (WOZ, *Wet waardering onroerende zaken*), is €38,157,000.

The insured value of the buildings owned is €70,000,000.

2 FINANCIAL FIXED ASSETS

	31 December 2014	31 December 2013
Loan granted to the WAC Foundation	305	333
Participating interest in SKIOG	46	0
Total financial fixed assets	351	333

Amounts x € 1,000

The loan granted to the WAC Foundation is an interest-free loan that will be repaid in monthly instalments of €9,260 from 31 October 2014 over three years. The loan will be fully repaid on 30 September 2017.

The participating interest in the Kennisintensief Innovatief Ondernemerschap Gelderland Foundation (SKIOG), is an 18.8% interest valued at cost price (acquisition price). To date, this participating interest has not been valued in the annual accounts.

3 INVENTORIES

	31 December 2014	31 December 2013
Inventory stock of educational and chemical items	228	0

Total inventories	228	0
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Amounts x € 1,000

It was decided to include inventories in the annual accounts as from 2014.

4 RECEIVABLES AND PREPAYMENTS

	31 December 2014	31 December 2013
Receivables	889	1,630
Minus: provision for possible uncollectible receivables	-94	-645
Total accounts receivable	795	985
Cost of work carried out for third parties	3,986	1,392
Work for third parties other than the Ministry of Economic Affairs	3,986	1,392
Total projects in progress	3,986	1,392
Prepayments	609	416
Other	257	289
Total advances and prepayments	866	704
Total receivables and prepayments	5,647	3,081

Amounts x € 1,000

The receivables included under other receivables and prepayments have a term of less than one year. The increase of €2.6 million can be fully attributed to the increase of costs in work performed for third parties.

5 CASH AT BANKS AND IN HAND

	31 December 2014	31 December 2013
Cash in hand	12	3
Bank (including balancing entries)	8,112	7,599
Deposits	6,510	7,234
Total I cash at banks and in hand	14,634	14,836

Amounts x € 1,000

Bank

The bank balance is made up of the Rabobank current account and savings account. The balances of these bank accounts are freely available.

A credit facility of €500,000 is available at Rabobank and the bank guarantees in favour of Waarborgfonds HBO Foundation expired in December 2014. Interest and balance netting have been agreed as security for the current accounts at Rabobank.

Deposits

The deposit account at BNG (*Bank Nederlandse Gemeenten*) was opened on 31 December 2012 and has the same term as the loan taken out at BNG and included under long-term debts. The remaining term of the deposit is ten years. Every quarter, the BNG loan repayment is deducted directly from the balance of the deposit account.

The entire BNG deposit account has been provided as security (a disclosed first pledge) for the loan from BNG included under long-term debts.

Notes

The liquidity position decreased by €0.2 million in 2014 . A liquidity balance of €11.2 million as at 31 December 2014 was included in the budget. The higher balance compared to the budget can be explained as follows:

	Budget	Actual	Variance from budget
Cash at banks and in hand as at 1 January 2014	13,849	14,836	-987
Results	814	4,261	-3,447
Depreciation	1,287	1,174	113
Movement in provisions	-1,001	-1,088	87
Movement in operating capital	-1,060	-3,009	1,949
Cash flow from operational activities	39	1,337	-1,298
Cash flow from investment activities	-2,196	-760	-1,436
Cash flow from financing activities	-482	-780	298
Total cash at banks and in hand as at 31 December 2014	11,210	14,634	-3,424

Amounts x € 1,000

Operational activities

- The balance of the liquid assets as at 1 January 2014 was €1.0 million higher than budgeted.
- The result for 2014 was €3.5 million higher than budgeted.
- Depreciation was €0.1 million lower than budgeted.
- Movement in provisions was €0.1 million higher.
- Operating capital varied negatively from the budget by €2.0 million, mainly because of an increase in the receivable “costs of work performed by third parties”.

Investment activities

- Investments realized were €1.5 million lower than budgeted. This was caused by the budgeted investment in the building of €1.4 million not having been made in 2014.

Financing activities

- Acquired financing was €0.1 million higher than budgeted, due to the participating interest in SKIOG that was included in the annual accounts from 2014.

6 EQUITY

	General reserve	Appropriated reserve	Total
Balance as at 31 December 2013	10,698	279	10,977
Result appropriation	4,540	-279	4,261
Balance on 31 December 2014	15,238	0	15,238

Amounts x € 1,000

The appropriated reserve was formed to provide security for the Waarborgfonds HBO Foundation, which expired in December 2014. The general reserve is practically all public reserves, to the extent that the reserves are considered to be public reserves in their entirety.

7 PROVISIONS

	Balance at 31 December 2013	Addition	Withdrawal	Release	Balance at 31 December 2014
Unemployment insurance obligations	1,088	395	324	0	1,160
Obligations under the Work and Income (Capacity for Work) Act	136	78	76	11	127
Other personnel provisions	355	3	0	0	357
Reorganisation costs	152	0	136	16	0
Provisions for contractual obligations	1,001	0	1,001	0	0
Total provisions	2,732	476	1,536	27	1,644

Amounts x € 1,000

	31 December 2014	31 December 2013
Specification of the term of the provisions		
Short-term (expire within 1 year)	547	1,181
Long-term (expire between 1 and 5 years)	941	1,153
Long-term (expire after 5 years)	156	398
Total provisions	1,644	2,732

Amounts x € 1,000

Unemployment insurance obligations

The provision for unemployment insurance obligations has been formed to cover the unemployment insurance obligations existing on the balance sheet date and the anticipated future expenditure relating to staff who have already left their employment.

Obligations under the Work and Income (Capacity for Work) Act

The provision for obligations under the Work and Income (Capacity for Work) Act has been formed to cover these obligations existing on the balance sheet date and the anticipated future expenditure relating thereto.

Provision for staff employment anniversaries

This is the provision to cover the future obligations of service anniversary bonuses.

Reorganisation costs

The provision for reorganisation costs has been formed for the anticipated expenditure of earlier reorganisations and amounted to zero on the last balance sheet date.

Provisions for contractual obligations

Since November 2012, Van Hall Larenstein has not been part of the Wageningen UR alliance at a managerial or organisation level. The provision for contractual obligations was formed for the anticipated and unavoidable additional costs that would arise from settling the contractual obligations with Wageningen UR. This provision was fully used up in 2014 and the balance on the balance sheet date is zero.

8 LONG-TERM DEBTS

	Balance at 31 December 2013	Increase in debt	Decrease in debt	Balance at 31 December 2014
Other long-term debts	6,511	0	724	5,787
Provision for local employment conditions	245	0	56	189
Total long-term debts	6,756	0	780	5,976

Amounts x € 1,000

An agreement was reached with the trade unions in 2009 relating to the under-utilisation of the provision for local employment conditions from previous years. It was agreed that an amount would be used, until 2014, for the expenditure relating to local employment conditions, in addition to the normal annual amount. The expected expenditure amount for 2014 has been included under current liabilities. New arrangements need to be made with the trade unions for the period after 2014.

List of other long-term debts:

Description	Remaining debt	Principal sum	Interest	Term	Cumulative repayments	Long term > 5 years	Short term < 1 year
BNG	6,511	8,500	4.51%	15 years	1,989	5,065	723
Total	6,511	8,500			1,989	5,065	723

Amounts x €
1,000

The principal sum of the BNG loan was originally €8.5 million. The conditions of the loan were revised on 31 December 2012 and a pledge of the funds in the BNG deposit accounts was given as security, due to the discontinuation of the Waarborgfonds HBO Foundation. The interest rate is 4.51% per annum.

9 CURRENT LIABILITIES

	31 December 2014	31 December 2013
Amounts received in advance from third parties	4,029	3,908
Debts to suppliers	2,618	3,396
Taxes and contributions to be paid	1,698	1,714
Ministry of Economic Affairs research still to be carried out	4,975	3,780
Deferred liabilities	4,290	4,170
Other	2,984	3,841
Total current liabilities	20,594	20,809

Amounts x € 1,000

Current liabilities decreased by €0.2 million compared to 2013. This was caused mainly by a decrease of €0.8 million in debts to suppliers, due to improvements in managing the accounts payable through the digitisation of purchase invoice processing.

The item "Ministry of Economic Affairs research still to be carried out" forms part of Appendix 3 "Earmarked target funding, Ministry of Education, Science and Cultural Affairs and Ministry of Economic Affairs (model G)".

The obligations under other debts and deferred liabilities have a term of less than one year.

Assets and liabilities not recognised in the balance sheet

Long-term financial liabilities:

List of liabilities entered into relating to rent and operational leases:

Description	Total obligations	Falling due in 2015	Falling due in 2016 and 2017	Falling due after 2018
Rental obligations	1,183	775	363	45
Operational lease for cars	74	31	43	0
Bank guarantees	0	0	0	0
Total	1,257	806	406	45

Amounts x € 1,000

Rental obligations

This relates to the lease with Wageningen UR for the Forum Building in Wageningen and in Leeuwarden with the WAC Foundation.

Operational lease

This relates to the leases for two cars provided to members of the Executive Board. These two leases were concluded in June 2013 for a period of four years. The monthly lease instalments are €2,502 including VAT.

Bank guarantees

Rabobank gave two bank guarantees totalling €279,000 to the Waarborgfonds HBO Foundation in The Hague. The guarantees expired in December 2014.

3.5 Notes on the consolidated statement of income and expenditure

10 INCOME

	Result for 2014	Result for 2013
DIRECT GOVERNMENT FUNDING		
Direct government funding from the Ministry of Economic Affairs	30,680	28,490
Other contributions and reimbursements	2,712	3,730
TOTAL DIRECT GOVERNMENT FUNDING	33,392	32,220
TUITION AND COURSE FEES		
Tuition, course and examination fees	8,503	7,968
TOTAL TUITION AND COURSE FEES	8,503	7,968
INCOME FROM WORK FOR THIRD PARTIES		
Proceeds from work for third parties	8,168	7,836
Movement in projects in progress	0	0
TOTAL INCOME FROM WORK FOR THIRD PARTIES	8,168	7,836
OTHER INCOME		
Rental income	1,719	1,647
Secondments	826	1,109
Other income	1,082	441
TOTAL OTHER INCOME	3,627	3,197
TOTAL INCOME	53,690	51,222

Amounts x € 1,000

Income has increased by €2.5 million compared to 2013 .

Direct government funding from the Ministry of Economic Affairs amounted to €33.3 million, thus €1.2 million more than in 2013, caused mainly by one-off higher direct government funding of €1.6 million and a payment from Waarborgfonds HBO of €0.5 million, in contrast to a decrease of around €0.9 million due to Van Hall Larenstein's reduced market share within green Higher Agricultural Education.

Tuition fees increased compared to 2013, due to an increase in the number of students and the indexation of tuition fees.

Proceeds from work for third parties increased by €0.5 million compared to 2013 due to an increase in the projects carried out for NUFFIC.

Appendix 2 contains a specification of the work commissioned by third parties by type of funder and type of turnover.

EXPENDITURE

11 PERSONNEL EXPENSES

	2014	Budget 2014	2013
Gross salaries and wages	22,801	24,192	22,586
Social security contributions	2,400	2,500	2,600
Pension contributions	3,600	3,700	3,600
Gross salaries and wages	28,801	30,392	28,786
Addition to other personnel provisions	516	300	697
Personnel not in salaried employment	2,587	1,708	2,478
Other	639	1,112	265
Other personnel expenses	3,742	3,120	3,440
Minus: payments	0	0	0
Total staffing level	32,543	33,512	32,227

Amounts x € 1,000

Gross salaries and wages remained unchanged compared to 2013 . The movement consisted of an increase in the staffing level in 2014 of 9.5 FTEs (12 employees) balanced by a decrease in employer's contributions.

Staffing amounted to 417.4 FTEs in 2014 and 407.9 FTEs in 2013 . A summary of the staffing level is included in Appendix 2.

An adjustment was made in the staffing of 2014 for employees with a standing operating procedure (SOP) arrangement. This was also adjusted in the comparative figures for 2013.

The cost of personnel who are not in salaried employment increased by €0.1 million.

Summary of the remuneration paid to members of the Executive Board and Supervisory Board

A summary of the remuneration paid to members of the Executive Board and Supervisory Board follows below.

The remuneration of members of the Executive Board of the Van Hall Larenstein Foundation remains within the confines of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT, *Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*).

Executive Board

	1	P.C.A. van Don- gen	2	N.H.J.E.C. van Mi- er- lo	M.H.C. Komen	
(amounts x EUR 1)			A.C. Keizer- Mastenbroek		M.H.C. Komen	
Position(s)		Chair of Executive Board	Member of Executive Board			
Chair clause applicable (Y/N)		Y	N			
Employment commencement date		01/08/2013	01/08/2013			
Period of employment in 2014		1/1 - 31/12	1/1 - 31/12			
Extent of employment (in FTEs)		1.0	1.0			
Employment end date		Indefinite term	01/08/2017			
Former senior official?		Yes	Yes			
Fictitious employment?		Yes	Yes			
If not, employed for longer than six months within 18 months?		n/a	n/a			
Remuneration						
Reward		141,290	131,577			
Taxable fixed and variable expense allowances		n/a	n/a			
Provisions for remuneration payable on a future date		24,279	22,488			
Total remuneration		165,569	154,065			
Applicable WNT maximum		230,474	230,474			
Motivation if exceeded:		n/a	n/a			
2013 data						
in 2013		Chair of Executive Board	Member of Executive Board	Acting Chair of Executive Board	Acting member of Executive Board	Retired acting member of Executive Board
Period of employment in 2013		1/8 – 31/12	1/8 - 31/12	15/1 – 11/7	1/1 – 1/8	1/8 – 1/11
Extent of employment (in FTEs)		1.0	1.0	0.65	1.0	1.0
Remuneration						
Reward		58,870	54,823	128,115	85,201	29,768
Taxable expense allowances		n/a	n/a	n/a	794	340
Rewards payable on a future date		10,688	9,892	n/a	11,960	5,126
Total remuneration for 2013		69,558	64,715	128,115	97,955	35,234
Total severance pay for 2013		n/a	n/a	n/a	n/a	n/a

The amounts included in the above summary are gross salaries plus employer's contributions for social security and pension and the addition for a lease car, where applicable.

Supervisory Board

	4	A.M.A. v a n A r d e n n e - v a n d e r H o e v e n	L.W. Fopma	R.H.J. Mooren	H.T.M. Pieper	
(amounts x EUR 1)			M.C. Korff			K.F.B. Baele
Position(s)	Chair of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board
Chair or member (Y/N)						
Period of employment (commencement date – end date)	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/6 - 31/12
Remuneration						
Reward	12,000	8,000	8,000	8,000	8,000	4,666
Taxable fixed and variable expense allowances	n/a	n/a	n/a	n/a	n/a	n/a
Provisions for remuneration payable on a future date	n/a	n/a	n/a	n/a	n/a	n/a
Total remuneration	12,000	8,000	8,000	8,000	8,000	4,666
Applicable WNT maximum	17,286	11,524	11,524	11,524	11,524	6,722
Motivation if exceeded:	n/a	n/a	n/a	n/a	n/a	n/a
2013 data						
Position(s) in 2013	Chair of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	-
Period of employment in 2013	1/1 - 31/12	1/1 - 31/12	1/1 – 31/12	1/1 – 31/12	1/1 – 31/12	n/a
Remuneration						
Reward	12,000	8,000	8,000	8,000	8,000	-
Taxable expense allowances	n/a	n/a	n/a	n/a	n/a	-
Rewards payable on a future date	n/a	n/a	n/a	n/a	n/a	-
Total remuneration for 2013	12,000	8,000	8,000	8,000	8,000	-

12 DEPRECIATION

	Result for 2014	Result for 2013
Tangible fixed assets	1,174	1,031

Exceptional write-downs	0	0
Total depreciation	1,174	1,031

Amounts x € 1,000

13 ACCOMMODATION COSTS

	Result for 2014	Result for 2013
Rent	1,426	1,306
Insurance	58	42
Maintenance	732	704
Energy and water	532	514
Cleaning costs	486	480
Levies	255	255
Other accommodation costs	94	97
Total accommodation costs	3,583	3,397

Amounts x € 1,000

The accommodation costs in 2014 were €0.1 million higher than in 2013.

Rental costs include the Forum Building in Wageningen and the rent of the WAC Foundation.

14 OTHER EXPENSES

	Result for 2014	Result for 2013
Administration and management expenses	8,002	8,766
Machinery and equipment, and learning resources	759	659
Addition to or release from other provisions	36	-154
Other	3,205	2,861
Total other expenses	12,002	12,133

Amounts x € 1,000

The administration and management expenses in 2014 were €0.8 million lower than in 2013, mainly because of the lower IT costs. The item "other" mostly includes the contribution towards material costs and the costs of third-party services for the projects.

Auditor's fees

An amount of €133,750 for auditor's fees and consultancy costs, payable to Ernst & Young Accountants LLP and PWC, has been included under other expenses. The costs of the external auditor, the audit firm and the entire network to which this audit firm belongs, as charged to the financial year, are as follows for the group:

Year 2014:	PWC	EY	Total
A. Audit of the annual accounts	8,470	46,858	55,328
B. Other audit engagements	0	68,957	68,957
C. Tax consultancy costs	9,465	0	9,465
D. Other non-audit engagements	0	0	0
Total	17,935	115,815	133,750

Year 2013:	PWC	EY	Total
A. Audit of the annual accounts	0	32,535	32,535
B. Other audit engagements	0	34,975	34,975
C. Tax consultancy costs	0	0	0
D. Other non-audit engagements	0	0	0
Total	0	67,510	67,510

The above amounts include VAT, the audit of the annual accounts includes the funding audit and the other audit engagements relate mainly to the costs of project certificates for external grant providers.

15 FINANCIAL INCOME AND EXPENDITURE

	Result for 2014	Result for 2013
Financial income	155	146
Financial expenditure	-327	-367
Total financial income and expenditure	-172	-221

The financial income is the interest received on the Rabobank savings account.

The financial expenditure is mostly the interest payable on the BNG loan and the interest charges of the Rabobank current account.

16 SHARE IN PROFIT/LOSS OF PARTICIPATIONS

	Result for 2014	Result for 2013
SKIOG	45	0
Total share in profit/loss of participations	45	0

Amounts x € 1,000

Participation in the Kennisintensief Innovatief Ondernemerschap Gelderland Foundation (SKIOG) is an 18.8% interest valued at cost price (acquisition price). To date, this participating interest has not been valued in the annual accounts.

17 AFFILIATED PARTIES

See the explanation below for a summary of the affiliated parties (model E):

Name	Legal form 2014	Registered office	Activity code	Equity on 31 December 2014	Result for 2014	Book 2, Article 403 of the Dutch Civil Code	Participating interest	Consolidation
				€	€	Yes/No	%	Yes/No
Business Center Van Hall	Foundation	Leeuwarden	2	-/- 2,710,000	0	Yes	100	Yes
Onroerend Goed Larenstein	Foundation	Velp	3	2,796,000	0	Yes	100	Yes
Larenstein Transfer	Foundation	Velp	2	0	0	Yes	100	Yes

Activity code: 1. Contract education, 2 Contract research, 3. Immovable property and 4. Other

The transactions between the institution and its affiliated parties Van Hall Larenstein Foundation and Onroerend Goed Larenstein Foundation are (in €):

	2014	2013
Rent:		
Onroerend Goed Larenstein Foundation	276,000	262,000

4. Valuation principles

The annual accounts were drawn up and approved by the Executive Board on

General

These are the annual accounts of the Van Hall Larenstein Foundation. The annual accounts were prepared on the basis of the following valuation principles.

The figures for the previous financial year are in accordance with the figures in the annual accounts of the relevant year.

4.1 Activities

The activities of the Van Hall Larenstein Foundation and its group companies ('the Group') consist mainly of providing services in the area of higher education and performing contract activities. The Van Hall Larenstein Foundation has its registered office at Larensteinselaan 26a, 6882 CT Velp. It has branches in Leeuwarden and Wageningen.

4.2 Group relationships

The following entities belong to the group of affiliated parties:

- Business Center Van Hall Foundation, having its registered office at Agora 1, 8934 CJ Leeuwarden (100% participating interest).
- Onroerend Goed Larenstein Foundation having its registered office at Larensteinselaan 26a, 6882 CT Velp. (100% participating interest).
- Larenstein Transfer Foundation having its registered office at Larensteinselaan 26a, 6882 CT Velp. (100% participating interest).

4.3 System reform

The following system reform occurred in 2014.

As from 2014, the valuation of the stock is included in the annual accounts and has been credited to the result for 2014. Since stock was not valued in previous years, it is not possible to determine the valuation of the stock at the end of 2013 in hindsight.

4.4 Consolidation principles

The consolidation incorporates the financial data of the institution, together with its group companies and other institutions over which it can exercise dominant control or conducts the central management. Group companies are legal entities over which the institution can exercise either direct or indirect dominant control since the institution possesses the majority of the voting rights or can control the financial and operational activities in some other manner. The potential voting rights that can be exercised directly on the balance sheet date are also taken into account. The annual accounts of group companies and other legal entities over which the institution can exercise dominant control or conducts the central management are fully included in the consolidation. The share of third parties in the group equity and the group result is reported separately. Participating interests over which no dominant control can be exercised (associated participating interests) are not included in the consolidation.

Intercompany transactions, intercompany profits and receivables and debts between the group companies and other legal entities included in the consolidation are eliminated, insofar as the results are not achieved by transactions with third parties outside the group. Unrealised losses on

intercompany transactions are also eliminated unless there is an exceptional write-down. The valuation principles of group companies and other legal entities included in the consolidation have been amended, where needed, to bring them into line with the applicable valuation principles for the Group.

Since the institution's statement of income and expenditure for 2014 is incorporated in the consolidated annual accounts, the presentation of an abbreviated statement of income and expenditure, in accordance with Book 2, Article 402 of the Dutch Civil Code, suffices in the separate annual accounts.

The institutions included in the consolidation are:

- Business Center Van Hall Foundation, having its registered office at Agora 1, 8934 CJ Leeuwarden (100% participating interest).
- Onroerend Goed Larenstein Foundation having its registered office at Larensteinselaan 26a, 6882 CT Velp. (100% participating interest).
- Larenstein Transfer Foundation having its registered office at Larensteinselaan 26a, 6882 CT Velp. (100% participating interest).

The institution has dominant control of the above three foundations.

In addition to the associated participating interests, a participating interest, which is separately and jointly of negligible importance, also remains outside the consolidation. This is the 18.8% participating interest in the Kennisintensief Innovatief Ondernemerschap Gelderland Foundation (SKIIOG).

4.5 Affiliated parties

All legal entities over which dominant control, joint control or a significant influence can be exercised are regarded as affiliated parties. Legal entities that can exercise dominant control are also regarded as affiliated parties. The board members under the articles of association, other key officials in the management of the institution and close relatives are also affiliated parties.

Significant transactions with affiliated parties are explained insofar as they are not entered into under normal market conditions. The nature and scope of the transaction and other information that is needed to provide insight are explained.

4.6 Estimates

In order to be able to apply the principles and rules for the preparation of annual accounts, it is necessary for the management of the institution to be able to form an opinion about various matters and that it makes estimates that could be essential for the amounts included in the annual accounts. If necessary for providing the insight referred to in Book 2, Article 362(1) of the Dutch Civil Code, the nature of these opinions and estimates, including the accompanying assumptions, are included in the notes to the relevant items in the annual accounts.

4.7 Notes on cash flow statement

The cash flow statement is drawn up in accordance with the indirect method. Funds in the cash flow statement consist of the liquid assets, excluding deposits whose term exceeds three months. Cash flows in foreign currency are converted at an estimated average rate. Currency differences on funds are shown separately in the cash flow statement. Income and expenditure arising from

interest, dividends received and tax on profits are included in the cash flow from operational activities. Dividends paid are included in the cash flow from financing activities. Transactions that do not involve any cash inflows or outflows are not included in the cash flow statement.

4.8 Financial instruments and risk management

Financial instruments include account receivables and other receivables, funds, loans, accounts payable and other items to be paid. Van Hall Larenstein does not have any derivatives or similar products. All the financial instruments included in the balance sheet are valued at their (amortised) cost price.

Derived financial instruments

Van Hall Larenstein does not have any interest rate swap contracts or similar products.

Interest rate and cash flow risk

The institution runs an interest rate risk on the interest-bearing receivables (particularly financial fixed assets and liquid assets) and interest-bearing, long-term debts and current liabilities.

The institution runs risks with regard to future cash flows for receivables and debts with variable interest rate arrangements; with regard to fixed-rate receivables and debts, the institution runs risks on the fair value as a result of changes in market interest. In relation to receivables, no financial derivatives have been contracted to hedge the interest rate risk.

Credit risk

The institution has no significant concentrations of credit risk.

The institution has granted credit to participants and institutions in which it has a participating interest. There is no history of default among these parties.

Liquidity risk

The institution makes use of various banks so as to have access to several credit facilities. Insofar as necessary, further securities are provided to the bank for the available credit facilities.

4.9 Accounting policies for the valuation of assets and liabilities

General

The consolidated annual accounts have been drawn up in accordance with the provisions of the Annual Accounts Regulations, Education (*Regeling jaarverslaggeving onderwijs*), Part 9, Book 2 of the Dutch Civil Code, Chapter 660 of the Accounting Standards (*Richtlijnen voor de Jaarverslaggeving*) and the firm conclusions of the other chapters of the Accounting Standards, issued by the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*) and with the provisions of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act ('WNT').

Assets and liabilities are generally valued at acquisition price or production cost or the actual value. If no valuation principle is stated, valuation is at acquisition price. References are included in the balance sheet, the statement of income and expenditure and the cash flow statement. These references refer to the notes.

Comparison with the previous year

The principles applied for valuation and calculation of the result have not changed compared to the previous year.

Tangible fixed assets

Tangible fixed assets are valued at acquisition price or production cost less accumulated depreciation. Depreciation is applied using the straight line method on the basis of the estimated useful life and the residual value. Depreciation is applied proportionally in the year of purchase. Tangible fixed assets under construction or on order are valued at production cost or at the amount that has already been invoiced to the Foundation by third parties. Investments of less than €5,000 are charged directly to the statement of income and expenditure.

In relation to the future costs of major maintenance to buildings, no provision has been made for major maintenance.

The depreciation of the various groups of assets is as follows:

Component	Depreciation
Land / Work in progress	0%
Land layout and infrastructure	60 years
Buildings	
Shell	60 years
Fittings	30 years
Built-in equipment / furnishing of buildings	15 years
Greenhouses, sheds, sundry buildings / structures	15 years
Plant and equipment	
Office furniture / plant and machines / inventory of restaurant facilities / fibre optic network / other machinery and equipment	10 years
Laboratory equipment / audiovisual equipment / vehicles / PR and information material	5 years
Automation equipment including software (hardware for networks)	5 years
Automation equipment including software (other hardware)	3 years

Investment grants received are deducted from the assets to which they relate.

Fixed assets that can no longer be used for the primary activities are not depreciated. Write-downs or write-offs due to the permanent decline in value, divestment, loss or decommissioning of an asset are reported separately.

The institution evaluates on each balance sheet date whether there are indications that a fixed asset may be subject to an exceptional write-down. Should there be any such indications, the realisable value of the asset is determined. If the realisable value of the individual asset cannot be determined, the realisable value of the cash-flow generating unit to which the asset belongs is determined. An exceptional write-down is applicable when the book value of an asset is higher than the realisable value, where the realisable value is the higher of the sale value and the business value.

If it is determined that an exceptional write-down that was accounted for in the past no longer exists or has decreased, the increased book value of the asset is set no higher than the book value that would have been determined without the application of any exceptional write-down of the asset.

The institution also evaluates on each balance sheet date whether there are objective indications for exceptional write-downs of a financial asset or a group of financial assets. If there are objective indications for exceptional write-downs, the institution determines the extent of the loss from the exceptional write-down and incorporates this directly into the statement of income and expenditure.

Financial fixed assets

As no significant influence can be exercised on the participating interest included under the financial fixed assets, it is valued at acquisition price. Loans are initially valued at fair value and subsequently at their amortised cost price.

Inventories

Inventory is valued at the cost price of acquisition, subject to the FIFO ('first in, first out') method or lower sale value.

The sale value is the estimate selling price minus the directly attributable selling costs. The unmarketability of the stock is taken into consideration when determining the sale value.

Receivables and prepayments

Receivables are valued at amortised cost price minus a provision for uncollectable debts, insofar as necessary.

Projects in progress

Projects in progress for third parties are valued at the cost of the direct use of materials and labour, plus a margin for indirect costs. Invoiced instalments and forecast losses on projects are deducted from this balance. The allocation of the result is determined in proportion to the progress (extent of the realised costs) of a project. The projects in progress item is included in the balance sheet under short-term receivables and Current liabilities, depending on the status of the work in progress on each project.

Possible losses are determined at individual project level and an estimate is included in the annual accounts that is determined on the basis of the substantive versus financial progress of the projects.

Cash at banks and in hand

Cash at banks and in hand are valued at face value. Unless stated otherwise, liquid assets are freely available.

Equity

The Van Hall Larenstein Foundation distinguishes between private capital and public capital.

- General reserve
This reserve is adjusted for the operating result of any year that is not given a specific appropriation.
- Appropriated reserve
The appropriated reserve is formed for the benefit of the Waarborgfonds HBO Foundation.

Provisions

Provisions are valued at the face value of the expenses that are expected to be required to settle the obligations and losses. The amount of the obligations is taken into account for future indexation and price increases. The amount at which the provision is included in the annual accounts is the best estimate of the amount that will be required to settle the relevant obligations and losses on the balance sheet date.

Provisions are formed for:

- legally enforceable or actual obligations that exist on balance sheet date;
- the settlement of obligations that will probably require an outflow of funds; and
- obligations when a reliable estimate can be made of the extent of those obligations.

Provision for unemployment insurance obligations

The provision for unemployment insurance obligations is formed to cover the unemployment insurance obligations existing on the balance sheet date and anticipated future expenditure relating to staff who have already left their employment and staff employed under a temporary employment contract.

Provision for obligations under the Work and Income (Capacity for Work) Act

The provision for obligations under the Work and Income (Capacity for Work) Act has been formed to cover these obligations existing on the balance sheet date and the anticipated future expenditure relating thereto.

Provision for staff employment anniversaries

This is the provision to cover the future obligations of service anniversary bonuses. The provision is included at the present value of the expected payments during the period of employment. Expected salary increases and the likelihood of staying are among the factors taken into account when calculating the provision. For the purpose of determining the present value, a discount rate of 3.55%, an annual indexation of 3.0% and a variable likelihood of staying are applied.

Provision for reorganisation costs

This provision has been formed to cover anticipated costs incurred as a result of decisions made and announced within the organisation relating to current and intended reorganisations.

Provisions for contractual obligations

Since November 2012, Van Hall Larenstein has not been part of the Wageningen UR alliance at a managerial or organisation level. The provision for contractual obligations has been formed for the anticipated and unavoidable additional costs that would arise from settling the contractual obligations with Wageningen UR.

Long-term debts

Long-term debts are debts that exist for more than one year after the closing date of the reporting year.

Current liabilities

Current liabilities are debts that exist for less than one year after the closing date of the reporting year. Unless otherwise stated, debts are valued at their amortised cost price.

4.10 Accounting policies for the determination of income and expenditure

General

Business income and expenditure that can be allocated to the relevant reporting year or activity, irrespective of whether they have resulted in receipts and expenses during that year, are regarded as revenue and costs.

Proceeds are accounted for in the year in which the goods were delivered or the services were provided to clients. Losses and risks arising before the end of the financial year are taken into account if they are known before the preparation of the annual accounts.

Intercompany transactions

Results from transactions with and between group companies are fully eliminated. Results from transactions with and between participating interests that are valued at cost price are fully accounted for, unless they have not actually materialised.

Intercompany transactions mainly consist of:

- Passing on of rent for buildings; and
- Internal passing on of project costs.

Direct government funding and other payments

Direct government funding is accounted for as income in the year in which it is received. Other payments are credited to the result in the year in which the activity is carried out and the costs are incurred.

Tuition and course fees

Statutory tuition fees and payments for post-initial courses to be allocated to the reporting year are accounted for under tuition and course fees.

Income from work for third parties

Proceeds from contract activities are accounted for under the item 'Income from work for third parties'. Income is determined on the basis of the direct costs plus a margin for indirect costs to a maximum of the rate to be paid by the funder. Results are taken in proportion to the progress of the project.

Personnel expenses/pension

A pension scheme that is categorised as a defined benefit plan has been arranged for the employees of Van Hall Larenstein. This pension scheme has been placed with an industry-wide pension fund (ABP) and – in accordance with the simplification provided in the Accounting Standards – is incorporated in the annual accounts as a defined contribution plan. This means that contributions payable during the financial year are accounted for as costs. The risks of wage developments, price indexation and investment returns on fund assets may lead to future adjustments of the annual contributions to the pension fund. These risks are not expressed in a provision on the balance sheet.

Information about any shortfalls and the consequences thereof for pension contributions in future years is available on the basis of an ABP recovery plan. An obligation is included insofar as contributions payable are still outstanding on the balance sheet date. If the contributions paid on the balance sheet date exceed the contributions payable, a prepayment item will be included insofar as the fund will either refund or set this amount off against contributions that are payable in future.

Costs

Costs are determined with due observance of the aforementioned valuation principles and allocated to the reporting year to which they relate. (Foreseeable) obligations and possible losses that originate before the end of the financial year are taken into account if they are known before the preparation of the annual accounts and the conditions for including provisions are moreover satisfied.

Depreciation is applied in proportion to time on the basis of the estimated useful life. Acquisitions in the reporting year are depreciated in proportion to time.

Interest

Periodic interest and similar costs are charged to the year in which they are due.

4.11 Accounting principles for the preparation of the cash flow statement

General

The cash flow statement is drawn up in accordance with the indirect method. In the indirect method, the cash flow from operational activities is derived from the result. The result on which the cash flow statement is based is adjusted to the following items:

- movement in operational receivables and debts, including trade debtors and trade creditors, provisions and accruals, but not any investment creditors;
- result items that do not result in any cash flow in the same period;
- result items whose receipts and expenses are not classified as operational activities, but as investment or financing activities.

Cash at banks and in hand

Funds in the cash flow statement consist of the cash at banks and in hand.

5. Other details

5.1 Events after balance sheet date

There were no events after balance date that gave cause for adjustment or notification in the annual accounts.

5.2 Appropriation statement for the balance of the income and expenditure

The balance of the income and expenditure is added in full to the general reserve.

5.3 Independent auditor's report

Auditor's report by the independent auditor¹

To: the Supervisory Board and Executive Board of Van Hall Larenstein Foundation

Declaration regarding the 2014 annual financial report

Our conclusion

In our opinion:

- the annual financial report gives a true and fair view of the size and composition of the assets of Van Hall Larenstein Foundation on 31 December 2014 and of the results for 2014 in accordance with the *Regeling jaarverslaggeving onderwijs* (regulations regarding the annual financial report in Dutch education);
- the income, expenditures and movements in balance sheet items for 2014 as shown in the financial statements meet the requirements of financial legitimacy in all relevant material aspects. This means that the amounts are in accordance with the provisions of the applicable laws and regulations, as stated in paragraph 2.3.1 of the reference framework of the *onderwijsaccountantsprotocol* (audit protocol for education) OCW/EZ 2014.

What we audited

We audited the 2014 annual financial report of Van Hall Larenstein Foundation in Velp.

The annual financial report consist of:

- the balance sheet on 31 December 2014;
- the 2014 income and expenditures statement; and
- the explanatory notes including an overview of the applied accounting principles.

The financial reporting framework used for the preparation of the annual financial report is the *Regeling jaarverslaggeving onderwijs* (regulations on the annual financial report in Dutch education).

The basis for our audit opinion

We have conducted our audit in accordance with Dutch Law, which includes the Dutch Standards on Auditing and the *onderwijsaccountantsprotocol* (audit protocol for education) OCW/EZ 2014.

Our responsibilities derived from these are described in the section '*Onze verantwoordelijkheden*

¹ VHL University of Applied Sciences is responsible for the accuracy of the translation to English.

voor de controle van de jaarrekening' (our responsibilities regarding the audit of the financial statements).

We are independent of Van Hall Larenstein Foundation as required by the regulations Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, regulation with respect to independence of accountants in assurance engagements) and other applicable independence-related laws and regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, regulation on professional conduct for accountants).

We believe that the audit information we have acquired provides a sufficient and appropriate basis for our opinion.

Responsibilities of the Executive Board in regard to the annual financial report

The Executive Board is responsible for:

- the preparation and true and fair presentation of the financial statements, in accordance with the *Regeling jaarverslaggeving onderwijs*, and the preparation of the annual report;
- the financial accuracy of the income, expenditures and movements in balance sheet items as recorded in the financial statements. This means that these amounts must be in accordance with the provisions of the relevant laws and regulations.
- an internal regulation to the extent deemed necessary by the Executive Board to allow for the preparation of the financial statements free from material misstatement due to error or fraud.

While preparing the financial statements the Executive Board should consider whether the foundation is able to maintain continuity of its operations. On the basis of the above-mentioned reporting system, the Executive Board must prepare the financial statements on the basis of the continuity assumption, unless the Executive Board has the intention to liquidate the foundation or cease operations or if termination is the only realistic alternative. The Executive Board should explain in the annual financial report, events and circumstances that may cause reasonable doubt about the foundation's ability to maintain continuity of its operations.

Our responsibility for the audit of the financial statements

Our responsibility is to plan and execute an audit in such a way that we collect sufficient and appropriate information to come to our conclusive opinion, as stated in article 2 of the *Regeling jaarverslaggeving onderwijs*. Our audit was carried out with a high but not absolute degree of certainty, which means it is possible that not all errors or instances of fraud have been detected during our audit.

A more detailed description of our responsibilities has been included as an appendix to our report.

Statement regarding other requirements stipulated by laws and regulations Statement on the management report and additional information

We state, on the basis of the legal obligations under the *Regeling jaarverslaggeving onderwijs* and in regard to our responsibility to report on the annual report and the additional information:

- that we have detected no deficiencies as a result of our audit of the management report, to the extent we can assess, in accordance with the *Regeling jaarverslaggeving onderwijs* and paragraph 2.2.3. The annual report has been prepared according to the *Onderwijsaccountantsprotocol OCW/EZ 2014* and the additional information required by the *Regeling jaarverslaggeving onderwijs* has been added.

- that the management report, insofar as we can assess, is consistent with the financial statements.

Utrecht, 8 July 2015

PricewaterhouseCoopers Accountants N.V.

Original signed by M.H.A. Bauman RA

Appendix to our audit report on the 2014 annual financial report of Van Hall Larenstein Foundation

Supplementary to our audit report, this appendix elaborates further on our responsibility for the audit of the financial statements and explains what an audit entails.

The auditor's responsibilities for the audit of the financial statements

We have conducted this audit in a professionally critical manner and have applied professional judgment where relevant in accordance with Dutch auditing standards, ethical requirements and independence requirements. Our objective is to gain a reasonable degree of assurance that the annual financial report is free from material misstatements as a result of errors or fraud. Our audit, among other things, consisted of:

- identifying and assessing the risk of the annual financial report contains material misstatements due to error or fraud, determining and executing audit measures in response to these risks and collecting sufficient, appropriate audit information to serve as the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. Fraud may be the result of collusion, forgery, deliberate failure to document transactions, or intentional misrepresentations of events or a breakdown of internal control;
- gaining insight into the internal control relevant to the audit with the objective of selecting audit measures befitting of the circumstances. These measures are not intended to express an opinion on the effectiveness of the internal control of the entity;
- evaluating the appropriateness of the accounting policies used and evaluating the reasonableness of estimates by the Executive Board and the explanations of these in the annual financial report;
- determining whether the continuity assumption principle used by the Executive Board is acceptable. Furthermore, determining, on the basis of the audit information, whether there are events or circumstances that could lead to reasonable doubt as to whether the foundation's ability to maintain its operations in continuity. If we conclude that there is a material uncertainty, we are obligated to focus attention in our audit report on the relevant explanations in the financial statements. If these explanations are inadequate, we must amend our report. Our conclusions are based on the audit information obtained up to the date of our audit report. Future events or circumstances may, however, may render a foundation unable to maintain continuity.
- evaluating the presentation, structure and content of the annual financial report and explanatory notes contained therein, and evaluating whether the annual financial report gives a true and fair view of the underlying transactions and events.

Among other things, we consulted with the Executive Board regarding the planned scope and timing of the audit and regarding the significant findings that have emerged from this audit, including any significant shortcomings of the internal control.

We confirm to the Executive Board that we have complied with all relevant ethical requirements regarding independence. We also consulted with them on all relations and other affairs that could reasonably affect our independence and the related measures to safeguard our independence.

Van Hall Larenstein Foundation, 8 July 2015-Ref.: eo360029

PricewaterhouseCoopers Accountants N.V., Newtonlaan 205, 3584 BH Utrecht, Postbus 85096, 3508 AB Utrecht T: 088 792 00 30, F: 088 792 95 08, www.pwc.nl

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6. Separate annual accounts

6.1 Separate balance sheet

AFTER THE APPROPRIATION OF THE NET RESULT

	31 December 2014	31 December 2013	
ASSETS			
FIXED ASSETS			
17	Tangible fixed assets	17,999	18,431
18	Financial fixed assets	2,496	2,761
	Total fixed assets	20,495	21,192
CURRENT ASSETS			
19	Inventories	228	0
20	Receivables and prepayments	5,929	935
21	Cash at banks and in hand	14,634	14,769
	Total current assets	20,791	15,704
	TOTAL ASSETS	41,286	36,896
LIABILITIES			
22 EQUITY			
	General reserves	15,152	10,612
	Appropriated reserve	0	279
	EQUITY	15,152	10,891
23	PROVISIONS	1,644	2,732
24	LONG-TERM DEBTS	5,976	6,756
25	CURRENT LIABILITIES	18,514	16,517
	TOTAL LIABILITIES	41,286	36,896

Amounts x €1,000

The separate balance sheet does not incorporate the data of the Business Center Van Hall Foundation, Onroerend Goed Larenstein Foundation or Larenstein Transfer Foundation. Equity varies from the consolidated balance sheet by €0.1 million. This relates to the equity of Business Center Van Hall Foundation and Larenstein Transfer Foundation (-/- € 2.7 million) and Onroerend Goed Larenstein Foundation (+ € 2.8 million).

6.2 Separate statement of income and expenditure

	Result for 2014	Result for 2013
26 INCOME		
Direct government funding from the Ministry of Economic Affairs	30,680	28,490
Other reimbursements	2,712	3,730
Tuition, course and examination fees	8,503	7,968
Income from work for third parties	8,168	7,691
Other income	3,365	2,924
TOTAL INCOME	53,428	50,803
EXPENDITURE		
27 Personnel expenses	32,543	32,205
28 Depreciation	1,017	874
29 Accommodation costs	3,583	3,397
30 Other expenses	12,002	12,121
TOTAL EXPENDITURE	49,145	48,598
OPERATING RESULT	4,283	2,205
31 Financial income and expenditure	-67	-102
RESULT FROM ORDINARY ACTIVITIES BEFORE TAX	4,216	2,103
Taxation on ordinary activities	0	0
32 Share in profit/loss of participations	45	0
RESULT FROM ORDINARY ACTIVITIES AFTER TAX	4,261	2,103
Third-party share	0	0
Extraordinary income and expenditure	0	0
NET RESULT	4,261	2,103

Amounts x €1,000

The result follows the consolidated statement of income and expenditure. The results of Business Center Van Hall Foundation, Larenstein Transfer Foundation and Onroerend Goed Larenstein Foundation are each €0 million.

6.3 Notes to the separate balance sheet

17 TANGIBLE FIXED ASSETS

	Land	Buildings	Machinery and equipment	Total
Book value as at 31 December 2013	3,098	13,793	1,540	18,431
Investments	0	330	55	385
Divestments*	0	0	0	0
Depreciation	0	383	634	1,017
Exceptional write-downs	0	0	0	0
Book value as at 31 December 2014	3,098	13,740	961	17,999
Acquisition value as at 31 December 2013	3,098	28,517	22,854	54,469
Acquisitions 2014	0	330	55	385
Acquisition value as at 31 December 2014	3,098	28,847	22,909	54,854
Accumulated depreciation	0	15,107	21,948	37,055
Accumulated write-downs	0	0	0	0
Book value as at 31 December 2014	3,945	13,740	961	17,999
* Divestments, of which:				
– Acquisition price	0	0	0	0
– Depreciation	0	0	0	0
Total divestments	0	0	0	0

Amounts x € 1,000

The value of the land and buildings owned, for the purpose of the Valuation of Immovable Property Act is €38,157,000.

The insured value of the buildings owned is €70,000,000.

18 FINANCIAL FIXED ASSETS

	31 December 2014	31 December 2013
Loan granted to the WAC Foundation	305	333
Participating interest in SKIOG	46	0
Loan granted to the Onroerend Goed Larenstein Foundation	2,145	2,428
Total financial fixed assets	2,496	2,761

Amounts x € 1,000

The loan granted to the WAC Foundation is an interest-free loan that will be repaid in monthly instalments of €9,260 from 31 October 2014 over three years. The loan will be fully repaid on 30 September 2017.

The participating interest in the Kennisintensief Innovatief Ondernemerschap Gelderland Foundation (SKIOG) is an 18.8% interest valued at cost price (acquisition price). To date, this participating interest has not been valued in the annual accounts.

The loan granted to the Onroerend Larenstein Foundation will be repaid in annual instalments of €283,000.

19 INVENTORIES

	31 December 2014	31 December 2013
Warehouse inventories of educational and chemical items	228	0
Total inventories	228	0

Amounts x € 1,000

It was decided to include inventories in the annual accounts as from 2014.

20 RECEIVABLES AND PREPAYMENTS

	31 December 2014	31 December 2013
Receivables	889	964
Minus: provision for possible uncollectible receivables	-94	-366
Total accounts receivable	795	598
Cost of work carried out for third parties	3,986	0
Work for third parties other than the Ministry of Economic Affairs	3,986	0
Total projects in progress	3,986	0
Prepayments	609	294
Other	539	43
Total advances and prepayments	1,148	337
Total receivables and prepayments	5,929	935

Amounts x € 1,000

The receivables under other receivables and prepayments have a term of less than one year.

21 CASH AT BANKS AND IN HAND

	31 December 2014	31 December 2013
Cash in hand	11	3
Bank (including balancing entries)	8,112	7,532
Deposits	6,510	7,234
Total cash at banks and in hand	14,634	14,769

Amounts x € 1,000

Bank

The bank balance is made up of the Rabobank current account and savings account. The balances of these bank accounts are freely available.

A credit facility of €500,000 is available at Rabobank and the bank guarantees in favour of Waarborgfonds HBO expired in December 2014.

Interest and balance netting have been agreed as security for the current accounts at Rabobank.

Deposits

The deposit account at BNG (*Bank Nederlandse Gemeenten*) was opened on 31 December 2012 and has the same term as the loan taken out at BNG and included under long-term debts.

The remaining term of the deposit is ten years. Every quarter, the BNG loan repayment is deducted directly from the balance of the deposit account.

22 EQUITY

	General reserve	Appropriated reserve	Total
Balance as at 31 December 2013	10,612	279	10,891
Result appropriation	4,540	-279	4,261
Balance as at 31 December 2014	15,152	0	15,152

Amounts x € 1,000

The appropriated reserve was formed to provide security for the Waarborgfonds HBO Foundation, which expired in December 2014. The general reserve is practically all public reserves, to the extent that the reserves are considered to be public reserves.

23 PROVISIONS

	Balance at 31 December 2013	Addition	Withdrawal	Release	Balance at 31 December 2014
Unemployment insurance obligations	1,088	395	323	0	1,160
Obligations under the Work and Income (Capacity for Work) Act	137	78	76	11	127
Provision for staff employment anniversaries	355	43	41	0	357
Reorganisation costs	152	0	136	16	0
Provisions for contractual obligations	1,001	0	1,001	0	0
Total provisions	2,732	516	1,577	27	1,644

	31 December 2014	31 December 2013
Specification of the term of the provisions		
Short-term (expire within 1 year)	1,246	1,181
Long-term (expire between 1 and 5 years)	0	1,153
Long-term (expire after 5 years)	398	398
Total provisions	1,644	2,732

Amounts x € 1,000

Unemployment insurance obligations

The provision for unemployment insurance obligations has been formed to cover the unemployment insurance obligations existing on the balance sheet date and the anticipated future expenditure relating to staff who have already left their employment.

Obligations under the Work and Income (Capacity for Work) Act

The provision for obligations under the Work and Income (Capacity for Work) Act has been formed to cover these obligations existing on the balance sheet date and the anticipated future expenditure relating thereto.

Provision for staff employment anniversaries

This is a provision to cover the future obligations of service anniversary bonuses.

Reorganisation costs

The provision for reorganisation costs has been formed for the anticipated expenditure of earlier reorganisations and amounted to zero on the last balance sheet date.

Provisions for contractual obligations

Since November 2012, Van Hall Larenstein has not been part of the Wageningen UR alliance at a managerial or organisation level. The provision for contractual obligations was formed for the anticipated and unavoidable additional costs that would arise from settling the contractual obligations with Wageningen UR. This provision was fully used up in 2014 and the balance on the balance sheet date is zero.

24 LONG-TERM DEBTS

	Balance at 31 December 2013	Increase in debt	Decrease in debt	Balance at 31 December 2014
Other long-term debts	6,511	0	723	5,787
Provision for local employment conditions	245	0	56	189
Total long-term debts	6,756	0	780	5,976

Amounts x € 1,000

An agreement was reached with the trade unions in 2009 relating to the under-utilisation of the provision for local employment conditions from previous years. It was agreed that an amount would be used, until 2014, for the expenditure relating to local employment conditions, in addition to the normal annual amount. The expected expenditure amount for 2014 is included under current liabilities. New arrangements need to be made with the trade unions for the period after 2014.

List of other long-term debts:

Description	Remaining debt	Principle sum	Interest	Term	Cumulative repayments	Long term > 5 years	Short term < 1 year
BNG	6,511	8,500	4.51%	15 years	1,989	5,788	723
Total	6,511	8,500			1,989	5,788	723

Amounts x €
1,000

The principal sum of the BNG loan was originally €8.5 million. The conditions of the loan were revised on 31 December 2012 and a pledge of the funds in the BNG deposit accounts was given as security due to the expected discontinuation of the Waarborgfonds HBO. The interest rate is 4.51% per annum.

25 CURRENT LIABILITIES

	31 December 2014	31 December 2013
Amounts received in advance from third parties	4,029	0
Debts to suppliers	2,618	2,778
Debts to suppliers of affiliated parties	631	914
Taxes and contributions to be paid	1,698	1,685
Ministry of Economic Affairs research still to be carried out	4,975	3,157
Deferred liabilities	4,290	4,168
Other	273	3,815
Total Current liabilities	18,514	16,517

Amounts x € 1,000

Current liabilities increased by €2.0 million compared to 2013. This is caused mainly by an increase of €1.8 million in the Ministry of Economic Affairs research that is still carried out.

The item "Ministry of Economic Affairs research still to be carried out" forms part of Appendix 3 "Earmarked target funding, Ministry of Education, Science and Cultural Affairs and Ministry of Economic Affairs (model G)".

The obligations under other debts and deferred liabilities have a term of less than one year.

Obligations and rights not included in the balance sheet

Long-term financial obligations:

List of obligations entered into relating to rent, operational leases and SLAs:

Description	Total obligations	Falling due in 2013	Falling due in 2014 and 2015	Falling due after 2016
Rental obligations	1,138	775	363	0
Operational lease for cars	74	31	43	0
Bank guarantees	0	0	0	0
Total	1,212	806	406	0

Amounts x € 1,000

Rental obligations

This relates to the lease with Wageningen UR for the Forum Building in Wageningen and in Leeuwarden with the WAC Foundation.

Operational lease

This relates to the leases for two cars that are provided to members of the Executive Board. These two leases were concluded in June 2013 for a period of four years. The monthly lease instalments are €2,502 including VAT.

Bank guarantees

Rabobank has given two bank guarantees to the Waarborgfonds HBO Foundation in The Hague, totalling the balance of the appropriated reserve of €279,000. Both guarantees expired in December 2014.

6.4 Notes on the separate statement of income and expenditure

26 INCOME

	Result for 2014	Result for 2013
DIRECT GOVERNMENT FUNDING		
Direct government funding from the Ministry of Economic Affairs	30,680	28,490
Other contributions and reimbursements	2,712	3,730
TOTAL DIRECT GOVERNMENT FUNDING	33,392	32,220
TUITION AND COURSE FEES		
Tuition, course and examination fees	8,503	7,968
TOTAL TUITION AND COURSE FEES	8,503	7,968
INCOME FROM WORK FOR THIRD PARTIES		
Proceeds from work for third parties	8,168	7,691
Movement in projects in progress	0	0
TOTAL INCOME FROM WORK FOR THIRD PARTIES	8,168	7,691
OTHER INCOME		
Rental income	1,457	1,647
Secondments	826	1,109
Other income	1,081	168
TOTAL OTHER INCOME	3,366	2,924
TOTAL INCOME	53,428	50,803

Amounts x € 1,000

EXPENDITURE

27 PERSONNEL EXPENSES

	2014	Budget 2014	2013
Gross salaries and wages	22,801	24,192	22,565
Social security contributions	2,400	2,500	2,600
Pension contributions	3,600	3,700	3,600
Salaries and wages	28,801	30,392	28,765
Addition to personnel provisions	516	300	697
Personnel not in salaried employment	2,587	1,708	2,478
Other	639	1,112	265
Other personnel expenses	3,742	3,120	3,440
Minus: payments	0	0	0
Total personnel expenses	32,543	33,512	32,205

Amounts x € 1,000

Gross salaries and wages remained unchanged compared to 2013 . The movement consisted of an increase in the staffing level in 2014 of 9.5 FTEs (12 employees) balanced by a decrease in employer's contributions.

Staffing amounted to 417.4 FTEs in 2014 and 407.9 FTEs in 2013 . A summary of the staffing level is included in Appendix 2.

An adjustment was made in the staffing of 2014 for employees with a standing operating procedure (SOP) arrangement. This was also adjusted in the comparative figures for 2013. The costs of personnel not in salaried employment increased by €0.1 million.

28 DEPRECIATION

	Result for 2014	Result for 2013
Tangible fixed assets	1,017	874
Exceptional write-downs	0	0
Total depreciation	1,017	874

Amounts x € 1,000

29 ACCOMMODATION COSTS

	Result for 2014	Result for 2013
Rent	1,426	1,306
Insurance	58	42
Maintenance	732	704
Energy and water	532	514
Cleaning costs	486	480
Levies	255	255
Other accommodation costs	94	97
Total accommodation costs	3,583	3,397

Amounts x € 1,000

30 OTHER EXPENSES

	Result for 2014	Result for 2013
Administration and management expenses	8,002	8,755
Machinery and equipment, and learning resources	759	659
Addition to or release from other provisions	36	-154
Other	3,206	2,861
Total other expenses	12,003	12,121

Amounts x € 1,000

The administration and management expenses in 2014 were €0.8 million lower than in 2013, mainly because of the lower IT costs.

The item "other" mostly includes the contribution towards material costs and the costs of third-party services for the projects.

Auditor's fees

An amount of €133,750 for auditor's fees and consultancy costs, payable to Ernst & Young Accountants LLP and PWC, has been included under other expenses. The costs of the external auditor, the audit firm and the entire network to which this audit firm belongs, as charged to the financial year, are as follows for the group:

Year 2014:	PWC	EY	Total
A. Audit of the annual accounts	8,470	46,858	55,328
B. Other audit engagements	0	68,957	68,957
C. Tax consultancy costs	9,465	0	9,465
D. Other non-audit engagements	0	0	0
Total	17,935	115,815	133,750

Year 2013:	PWC	EY	Total
A. Audit of the annual accounts	0	32,535	32,535
B. Other audit engagements	0	34,975	34,975
C. Tax consultancy costs	0	0	0
D. Other non-audit engagements	0	0	0
Total	0	67,510	67,510

The above amounts include VAT, the audit of the annual accounts includes the funding audit and the other audit engagements relate mainly to the costs of project certificates for external grant providers.

31 FINANCIAL INCOME AND EXPENDITURE

	Result for 2014	Result for 2013
Financial income	260	263
Financial expenditure	-327	-365
Total financial income and expenditure	-67	-102

Amounts x € 1,000

The financial income is the interest received on the Rabobank savings account and interest on the SOGL loan. The financial expenditure is mostly the interest payable on the BNG loan and the interest charges of the Rabobank current account.

32 RESULT OF PARTICIPATING INTERESTS

	Result for 2014	Result for 2013
SKIOG	45	0
Total result from participating interests	45	0

Amounts x € 1,000

The participating interest in the Kennisintensief Innovatief Ondernemerschap Gelderland Foundation (SKIOG) is an 18.8% interest valued at cost price (acquisition price). To date, this participating interest has not been valued in the annual accounts.

7. Remuneration

7.1 WNT list for the Executive Board

(amounts x EUR 1)	5 P.C.A. van Dongen	A.C. Keizer- Mastenbroek	6 7 N.H.J.E.C. van Mierlo	M.H.C. Komen	M.H.C. Komen
Position(s)	Chair of Executive Board	Member of Executive Board	-	-	-
Chair clause applicable (Y/N)	Y	N	-	-	-
Employment commencement date	01/08/2013	01/08/2013	-	-	-
Period of employment in 2014	1/1 - 31/12	1/1 - 31/12	-	-	-
Extent of employment (in FTEs)	1.0	1.0	-	-	-
Employment end date	Indefinite term	01/08/2017	-	-	-
Former senior official?	Yes	Yes	-	-	-
Fictitious employment?	Yes	Yes	-	-	-
If not, employed for longer than six months within 18 months?	n/a	n/a	-	-	-
Remuneration					
Reward	141,290	131,577	-	-	-
Taxable fixed and variable expense allowances	n/a	n/a	-	-	-
Provisions for remuneration payable on a future date	24,279	22,488	-	-	-
Total remuneration	165,569	154,065	-	-	-
Applicable WNT maximum	230,474	230,474	-	-	-
Motivation if exceeded:	n/a	n/a	-	-	-
2013 data					
in 2013	Chair of Executive Board	Member of Executive Board	Acting Chair of Executive Board	Acting member of Executive Board	Retired acting member of Executive Board
Period of employment in 2013	1/8 – 31/12	1/8 - 31/12	15/1 – 11/7	1/1 – 1/8	1/8 – 1/11
Extent of employment (in FTEs)	1.0	1.0	0.65	1.0	1.0
Remuneration					
Reward	58,870	54,823	128,115	85,201	29,768
Taxable expense allowances	n/a	n/a	n/a	794	340
Rewards payable on a future date	10,688	9,892	n/a	11,960	5,126

Total remuneration for 2013	69,558	64,715	128,115	97,955	35,234
Total severance pay for 2013	n/a	n/a	n/a	n/a	n/a

The remuneration of members of the Executive Board of the Van Hall Larenstein Foundation remains within the confines of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act.

7.2 WNT list for the Supervisory Board

<i>(amounts x EUR 1)</i>	A.M.A. van Ardenne- van der Hoeven	M.C. Korff	L.W. Fopma	R.H.J. Mooren	H.T.M. Pieper	K.F.B. Baele
Position(s)	Chair of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board
Chair or member (Y/N)						
Period of employment (commencement date – end date)	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/6 - 31/12
Remuneration						
Reward	12,000	8,000	8,000	8,000	8,000	4,666
Taxable fixed and variable expense allowances	n/a	n/a	n/a	n/a	n/a	n/a
Provisions for remuneration payable on a future date	n/a	n/a	n/a	n/a	n/a	n/a
Total remuneration	12,000	8,000	8,000	8,000	8,000	4,666
Applicable WNT maximum	17,286	11,524	11,524	11,524	11,524	6,722
Motivation if exceeded:	n/a	n/a	n/a	n/a	n/a	n/a
2013 data						
Position(s) in 2013	Chair of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board	-
Period of employment in 2013	1/1 - 31/12	1/1 - 31/12	1/1 – 31/12	1/1 – 31/12	1/1 – 31/12	n/a
Remuneration						
Reward	12,000	8,000	8,000	8,000	8,000	-
Taxable expense allowances	n/a	n/a	n/a	n/a	n/a	-
Rewards payable on a future date	n/a	n/a	n/a	n/a	n/a	-
Total remuneration for 2013	12,000	8,000	8,000	8,000	8,000	-

The remuneration of members of the Supervisory Board of Van Hall Larenstein University of Applied Sciences remains within the confines of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act.

Appendices

1. Staffing level

In FTEs	31 December 2014	31 December 2013
Teaching staff		
Assistant	5.6	4.5
Lecturer	256.1	239.3
Lector	6.1	3.2
TOTAL TEACHING STAFF	267.8	247.0
Support and administrative staff:		
Job grade below 9	87.1	80.1
Job grade from 9-12	44.6	44.1
Job grade 13 and above	17.9	16.3
TOTAL SUPPORT AND ADMINISTRATIVE STAFF	149.6	140.5
Total staffing level	417.4	387.5

The manner of determining FTEs was adjusted in 2014. In 2013, the size of the SOP arrangement was deducted from the number of FTEs. In 2014, it was discovered that this was incorrect and it was represented correctly in the 2014 figures.

Based on the same principles as at 31 December 2014, the staffing on 31 December 2013 was 407.9 FTEs.

2. Work commissioned by third parties by type of funder and type of turnover

	2014	2013
Public		
National		
Economic Affairs	3,751	4,748
Netherlands Organisation for Scientific Research/Ministry of Education, Culture and Science	78	37
Other government	391	761
Educational institutions	1817	703
Subtotal	6,037	6,249
International		
Directorate General for International Cooperation/Nuffic	1,171	690
EU	310	85
Subtotal	1,481	775
Total public	7,518	7,024
Private		
Businesses		
Private parties	513	763
Total private	137	49
	650	812
TOTAL GENERAL	8,168	7,836
Amounts x €1,000		

3. Earmarked target funding of the Ministry of Education, Science and Cultural Affairs and Ministry of Economic Affairs, (Model G)