Cramo Adapteo A/S

Greve Main 33, 2670 Greve

Company reg. no. 11 03 39 11

Annual report

1 January - 31 December 2018

The annual report have been submitted and approved by the general meeting on the

Mads Blom
Chairman of the meeting

Contents

Notes

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Cramo Adapteo A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Greve, 29 May 2019

Managing Director

Mads Blom

Board of directors

Carl Michael Philip Isell Lind af Hageby Chairman	Aku Väinämö Rumpunen	Leif Gustafsson Vice Chairman

Independent auditor's report

To the shareholders of Cramo Adapteo A/S

Opinion

We have audited the annual accounts of Cramo Adapteo A/S for the financial year 1 January to 31 December 2018, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies used. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Kobenhavn, 29 May 2019

KPMG
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 57 81 98

Henrik O. Larsen
State Authorized Public Accountant
mne15839

Company data

The company	Cramo Adapteo A/S Greve Main 33 2670 Greve	
	CVR No.	11 03 39 11
	Financial year:	1 January - 31 December
Supervisory Board	Carl Michael Philip Isell Lind af Hageby, Chairman Aku Väinämö Rumpunen Leif Gustafsson, Vice Chairman	
Executive Board	Mads Blom	
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25 57 81 98	

Financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Revenue	137.586	202.335	238.057	210.742	219.728
Gross profit	78.476	107.562	127.792	103.892	75.517
Results from operating activities	37.335	-869	29.401	12.076	-24.638
Net financials	-4.309	-6.050	-7.266	-6.569	-6.209
Results for the year	33.026	-6.919	22.135	10.690	-30.847
Balance sheet:					
Balance sheet sum	387.150	378.651	529.283	456.780	372.745
Investments in property, plant and equipment	51.013	87.334	120.695	154.338	100.056
Equity	194.263	161.329	168.251	86.116	75.426
Employees:					
Average number of full time employees	25	75	98	100	113
Key figures in %:					
Solvency ratio	50,2	42,6	31,8	18,9	20,2
Return on assets	9,75	-0,20	5,98	2,93	-7,07

For definitions of key ratios, see Accounting and Valuation Principles.

The Company's principal activities

In Denmark Cramo Adapteo A/S rents pavilions to the public sector, private customers and construction industry. Cramo Adapteo A/S have 2 sales offices and storage locations in Denmark and employs 25 employees. Cramo Adapteo A/S is a Danish company in the pan-Euopean Cramo Group.

The group's parent company, Cramo Oyj, is listed on the Helsinki Stock Exchance and is one of Europe's leading service and equipment providers in the rental industry.

With a dedicated focus on business ethics and sustainability is Cramo operating in 14 countries. The Cramo group rents equipment and pavilions through 300 rental depots in a wide variety of product and rental offerings according to local demand in the Nordic countries and Central and Eastern Europe. The group has some 2,500 employees.

Development in activities and financial matters

The net turnover for the year is T.DKK 137.586 against T.DKK 202.335 last year. The results from ordinary activities after tax are T.DKK 33.026 against T.DKK -6.919 last year. The balance shows an equity of T.DKK 194.263 for 2018.

Operating risks

The company's main operating risk is related to market conditions, including competitive conditions. However, with Cramo Adapteo A/S being one of the largest suppliers of rental equipment in Denmark, and given the executed restructuring and adaption to the market, this risk is currently considered less significant.

Interest risks

Interest-bearing net debts amounts to a relatively large share of the company's balance sheet total. However, with interest rates fixed based on 3 and 12-months Cibor rates in November 2011, changes in interest rates will not have any significant effect on earnings.

Profit for the year compared with previously stated expectations

The result for the financial year 2018 was as expected.

Events after the balance sheet date

No events have occured after the financial year end which could significantly after the company's financial position.

Outlook

The company expects a positive result before tax for 2019.

Impact on the external enviroment

Efforts to protect the enviroment and assure quality are an important element of Cramo Adapteo A/S' activities. In order to make sure that this area is handled efficiently, Cramo Adapteo A/S has been certified according to ISO 14001 and ISO 9001, which lay down strict enviromental and quality requirements.

Knowledge resources

Based on its long-standing activities in the market for rental and marketing of modular space and building and construction machinery, the company has build highly skilled and experienced staff.

Social responsibility CSR

Cramo Adapteo A/S is a member of UN Global Campact, the world's largest voluntary corporate social responsibility network. Members actively support the UN's fundamental values and principles in the area of human rights, labor, enviroment and anti-corruption.

Within the framework of UN Global Compact, the Cramo group has drawn up a set of ethical rules to be complied with by all group employees. The decision to join UN Global Compact was made by group management but encompasses all Cramo entities and divisions.

Profit and loss account 1 January - 31 December

DKK in thousands.

Note		2018	2017
	Net turnover	137.586	202.335
	Other operating income	3.682	5.332
	Direct cost	-41.591	-70.258
	Other external costs	-21.201	-29.847
	Gross result	**78.476**	**107.562**
1	Staff costs	-17.174	-39.291
2	Depreciation, amortisation expenses and impairment losses of intangible assets and property, plant and equipment recognised in profit or loss	-23.967	-69.140
	Operating profit	**37.335**	**-869**
3	Financial income	0	27
4	Financial expenses	-4.309	-6.077
	Result before tax	**33.026**	**-6.919**
	Tax expenses on ordinary activities	0	0
5	**Result for the year**	**33.026**	**-6.919**

Balance sheet 31 December

DKK in thousands.

Assets

Note		2018	2017
	Fixed assets		
6	Acquired intangible assets	462	630
7	Goodwill	20.810	23.396
	Intangible fixed assets in total	21.272	24.026
	Land and buildings	0	0
8	Plant and machinery	316.074	292.065
9	Fixtures, fittings, tools and equipment	780	155
	Tangible fixed assets in total	316.854	292.220
10	Deposits	2.522	2.643
	Financial fixed assets in total	2.522	2.643
	Fixed assets in total	**340.648**	**318.889**
	Current assets		
	Raw materials and consumables	0	3
	Inventories in total	0	3
	Trade debtors	39.006	27.389
11	Work in progress for the account of others	0	27.187
	Amounts owed by group enterprises	2.270	0
12	Deferred tax assets	5.183	5.183
	Receivables in total	46.459	59.759
	Available funds	43	0
	Current assets in total	**46.502**	**59.762**
	Assets in total	**387.150**	**378.651**

Balance sheet 31 December

DKK in thousands.

Equity and liabilities

Note		2018	2017
	Equity		
	Contributed capital	11.000	11.000
	Results brought forward	183.263	150.329
	Equity in total	**194.263**	**161.329**
	Liabilities		
	Loan from group entities	141.000	126.000
	Long-term liabilities in total	141.000	126.000
	Debt to banks	6.701	62
	Trade creditors	6.384	15.570
	Debt to group enterprises	2.317	45.000
	Other payables	29.392	13.093
13	Accrued expenses and deferred income	7.093	17.597
	Short-term liabilities in total	51.887	91.322
	Liabilities in total	**192.887**	**217.322**
	Equity and liabilities in total	**387.150**	**378.651**

14 Contingent liabilities and other financial obligations

15 Related parties

Statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 January 2018	11.000	150.329	161.329
Profit or loss for the year brought forward	0	33.026	33.026
Adjustment prior	0	-92	-92
	11.000	183.263	194.263

The share capital consits of 11,000 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

The Company's share capital has remained the unchanged in the amount of DKK 11,000,000 in the past 5 years

Notes

DKK in thousands.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	15.646	35.481
	Post-employement benefit expense	1.054	2.635
	Social security contributions	141	524
	Other employee expense	333	651
		17.174	**39.291**
	Average number of employees	25	75

Some of the Company's executive staff are entitled to receive shares in Cramo Plc. At 31 December, the Company's liability in connection with the scheme amounted to T.DKK 294 (2017: T.DKK 421).

By reference to section 98(b)(ii) of the Danish Financial Statements Act, remuneration to management is not disclosed.

		2018	2017
2.	**Depreciation, amortisation and impairment losses of intangible assets and property, plant and equipment**		
	Amortisation of group goodwill	2.588	989
	Depreciation of intangible assets	168	572
	Depreciation of property, plant and equipment	21.211	37.561
	Profit/loss on sale of tangible assets	0	30.018
		23.967	**69.140**

		2018	2017
3.	**Financial income**		
	Interest received from group entities	0	27
		0	**27**

		2018	2017
4.	**Financial expenses**		
	Financial expenses paid to group enterprises	4.020	5.555
	Other financial expenses	289	522
		4.309	**6.077**

Notes

DKK in thousands.

		2018	2017
5.	**Proposed distribution of the results**		
	Allocated to results brought forward	33.026	0
	Allocated from results brought forward	0	-6.922
	Distribution in total	**33.026**	**-6.922**
6.	**Acquired intangible assets**		
	Cost 1 January 2018	1.342	6.612
	Disposals during the year	0	-5.270
	Cost 31 December 2018	**1.342**	**1.342**
	Amortisation and writedown 1 January 2018	-712	-2.749
	Amortisation for the year	-168	-572
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	2.609
	Amortisation and writedown 31 December 2018	**-880**	**-712**
	Book value 31 December 2018	**462**	**630**
7.	**Goodwill**		
	Additions during the year	24.387	24.387
	Cost 31 December 2018	**24.387**	**24.387**
	Amortisation and writedown 1 January 2018	-989	0
	Amortisation for the year	-2.588	-989
	Amortisation and writedown 31 December 2018	**-3.577**	**-989**
	Book value 31 December 2018	**20.810**	**23.398**

Notes

DKK in thousands.

		31/12 2018	31/12 2017
8.	**Plant and machinery**		
	Cost 1 January 2018	332.966	605.487
	Additions during the year	50.217	86.364
	Disposals during the year	-6.219	-358.885
	Transfers	-19	0
	Cost 31 December 2018	**376.945**	**332.966**
	Depreciation and writedown 1 January 2018	-40.901	-174.054
	Depreciation for the year	-21.040	-35.819
	Depreciation, amortisation and writedown for the year, assets disposed of	1.051	168.972
	Transfers	19	0
	Depreciation and writedown 31 December 2018	**-60.871**	**-40.901**
	Book value 31 December 2018	**316.074**	**292.065**

9.	**Fixtures, fittings, tools and equipment**		
	Cost 1 January 2018	489	25.116
	Additions during the year	796	152
	Disposals during the year	0	-24.779
	Transfers	19	0
	Cost 31 December 2018	**1.304**	**489**
	Amortisation and writedown 1 January 2018	-334	-19.919
	Depreciation for the year	-171	-1.362
	Depreciation, amortisation and writedown for the year, assets disposed of	0	20.947
		-19	0
	Amortisation and writedown 31 December 2018	**-524**	**-334**
	Book value 31 December 2018	**780**	**155**

Notes

DKK in thousands.

		31/12 2018	31/12 2017
10.	**Deposits**		
	Cost 1 January 2018	2.522	2.643
	Cost 31 December 2018	**2.522**	**2.643**
	Book value 31 December 2018	**2.522**	**2.643**
11.	**Work in progress for the account of others**		
	Sales value of the production of the period	0	51.062
	Payments on account received	0	-38.127
	Work in progress for the account of others, net	**0**	**12.935**
	The following is recognised:		
	Work in progress	0	27.187
	Def. inc / prepayments	0	-14.252
		0	**12.935**
12.	**Deferred tax assets**		
	Deferred tax assets 1 January 2018	5.183	5.183
		5.183	**5.183**
13.	**Accrued expenses and deferred income**		
	Prepayments/deferred income	7.093	17.597
		7.093	**17.597**

DKK in thousands.

14. Contingent liabilities and other financial obligations

Other rent and lease obligations:

Rent and lease obligations off T.DKK 9.816 (2017: T.DKK 9.619).

15. Related parties

Controlling interest.

Cramo Finland Oy, Kalliosolantie 2, Vantaa, Finland.

Cramo Adapteo A/S is included in the consolidated financial statement of Cramo Finland Oy. The consolidated financial statements can be obtained at www.cramo.com.

	2018	2017
16. Related party transactions		
Sales of services to parent company	2.296	1.974
Sales of services to group entities	729	694
Purchase of services from Parent company	3.275	9.029
Purchase of services from group entities	1.107	4.570
Purchase of assets from group entities	2.837	428
	10.244	**16.695**

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 1.

Payables to associates and subsidiaries are disclosed in the balance sheet and financial income and expenses are disclosed in note 3 and 4.

Accounting policies used

Reporting Class
The annual report of Cramo Adapteo A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to class C enterprises (medium sized enterprises).

The accounting policies applied remain unchanged from last year.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The enity's cash flows are part of consolidated cash flow statement for higher-ranking parent company, Cramo Finland Oy.

Foreign currency translation
Transactions denominated in foreign currencies are translated into DKK at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/-expenses.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the company, and the value of the liability can be measured reliably.

At intial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occuring prior to the presentation of the annual report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Net turnover

Net turnover consist of rental income from rental equipment. It is accured and recognised as income according to contracts concluded, VAT, indirect taxes and discounts are excluded from revenue.

Income from construction contracts is recognised as revenue as production is carried out. Thus revenue corresponds to the selling price of the work performed for the year.

Revenue is measured net of all types of discounts and rebates granted. Also, revenue is measured excluding VAT and other indirect taxes charged on behalf of third parties.

Direct expenses

Direct expenses include costs, which are directly related to the activity such as purchases of products for sale, rehired equipment and transport costs.

Other operating income

Other operating income and operating expenses comprise items of secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Other external costs

Other external costs include expenses related to distribution, sales, advertisement, administration, premises, bad debt losses, operational leases, etc.

Staff costs

Staff costs include wages and salaries, including holiday allowance and pensions as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds received from public authorities.

Amortisation, depreciation and impairment losses.

The item includes amortisation of intangible assets, depreciations on property, plant and equipment and impairment losses. Amortisation/depreciation is provided on a straight-line basis on cost together with the estimated usefull life and residual value.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as additions and surcharges under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments for the year less the share of tax for the year that relates to changes in equity.

Current tax and deferred tax relating to changes in equity are recognised directly in equity.

The balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

The estimated useful lives for acquired IP rights are 5 years with a residual value of DKK 0

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years, with depreciation on a straight line basis on 10 years.

Property, plant and equipment

Property, plant and equipment comprise building, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognisedin cost.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	*Residual value*
Buildings	*10 years*	*40 %*
Plants and machinery	*3-20 years*	*0-15 %*
Fixtures and fittings, tools and equipment	*3-7 years*	*0-15 %*

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

Intangible assets and property, plant and equipment are reviewed annually for impairment. Where there is indication of impairment, an impairment test is carried out for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if this is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Contract work in progress

Service supplies in progress and contract work in progress are measured at the sales value of the work performed less on-account invoicing. The sales value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is determined based on costs incurred relative to the expected total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be measured reliably, the market value is measured at the costs incurred to the extent they are expected to be paid by the buyer.

When the total expenses relating to the work in progress are expected to exceed the total value, the expected loss is recognised as a onerous contract under provisions and is expensed in the income statement.

The value of each contract in progress less prepayment is classified as assets when the sales value exceeds prepayment and as liabilities when prepayments exceed the sales value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be been entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividens proposed for the financial year are presented as a seperate item under equity.

Corporation tax

Current tax liabilities are recognised in the balance sheet as the calculated tax on the expected taxable income for the year, adjustment for tax on prior year's taxable income and tax paid on account.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exeption of temporary differences occuring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a sett-off against tax liabilities.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Accounting policies used

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial hightlights overview

$$\text{Return on assets (\%)} = \frac{\text{Profit/loss before financial income and expenses X 100}}{\text{Avg. assets}}$$

$$\text{Solvency ratio (\%)} = \frac{\text{Equity at year end X 100}}{\text{Total assets at year end}}$$