



Val Controls A/S

Sallingsundvej 5
6715 Esbjerg N
CVR No. 11774393

Annual report 2020

The Annual General Meeting adopted the
annual report on 05.07.2021

Jørgen Einer-Jensen Brammer
Chairman of the General Meeting

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Entity details

Entity

Val Controls A/S
Sallingsundvej 5
6715 Esbjerg N

CVR No.: 11774393
Registered office: Esbjerg
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jørgen Einer-Jensen Brammer, Chairman
Peter Jensen Toft
Ingeborg Pugflod Toft

Executive Board

Carsten Pugflod Toft

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Val Controls A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 05.07.2021

Executive Board

Carsten Pugflod Toft

Board of Directors

Jørgen Einer-Jensen Brammer
Chairman

Peter Jensen Toft

Ingeborg Pugflod Toft

Independent auditor's report

To the shareholders of Val Controls A/S

Opinion

We have audited the financial statements of Val Controls A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 financial statements 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 05.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Harbo Andersen

State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Primary activities

As in prior years, the Company's primary activities consist in developing, designing, manufacturing, selling and repairing electronic control, monitoring and test equipment for valve, actuator and pump systems. The Company's major customers operate within the global oil and gas industries worldwide.

Development in activities and finances

The performance in 2020 is considered as being acceptable compared to the circumstances. The first half of 2020 was as budgeted, but the Covid-19 restrictions and the extreme decline in activities had a very large impact on Val Controls sales in the last half of 2020.

Outlook

The impact from Covid-19 will still be present in the most of 2021. We do not expect to be back to normal business before the last half of 2021. Despite of this we are still expecting a positive result for 2021.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	1	4,544,393	8,748,544
Staff costs	2	(5,414,750)	(5,762,990)
Depreciation, amortisation and impairment losses	3	(541,834)	(858,364)
Operating profit/loss		(1,412,191)	2,127,190
Other financial income	4	43	35,303
Other financial expenses	5	(117,999)	(242,417)
Profit/loss before tax		(1,530,147)	1,920,076
Tax on profit/loss for the year	6	336,000	(434,626)
Profit/loss for the year		(1,194,147)	1,485,450
Proposed distribution of profit and loss			
Retained earnings		(1,194,147)	1,485,450
Proposed distribution of profit and loss		(1,194,147)	1,485,450

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	650,262	1,045,622
Development projects in progress	8	1,485,728	958,111
Intangible assets	7	2,135,990	2,003,733
Other fixtures and fittings, tools and equipment		457,588	368,582
Leasehold improvements		74,987	94,133
Property, plant and equipment	9	532,575	462,715
Fixed assets		2,668,565	2,466,448
Raw materials and consumables		4,590,381	3,984,967
Prepayments for goods		0	317,975
Inventories		4,590,381	4,302,942
Trade receivables		611,636	2,220,146
Receivables from group enterprises		0	1,774,981
Other receivables		23,744	0
Prepayments		69,270	102,943
Receivables		704,650	4,098,070
Cash		155,422	793,715
Current assets		5,450,453	9,194,727
Assets		8,119,018	11,661,175

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		1,666,072	1,562,912
Retained earnings		3,280,157	4,577,464
Equity		5,446,229	6,640,376
Deferred tax		63,000	399,000
Provisions		63,000	399,000
Other payables		478,905	162,777
Non-current liabilities other than provisions	10	478,905	162,777
Bank loans		27,795	187,622
Prepayments received from customers		139,340	99,979
Trade payables		425,908	157,230
Payables to group enterprises		351,304	3,181,734
Other payables	11	1,186,537	832,457
Current liabilities other than provisions		2,130,884	4,459,022
Liabilities other than provisions		2,609,789	4,621,799
Equity and liabilities		8,119,018	11,661,175
Contingent liabilities	12		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	1,562,912	4,577,464	6,640,376
Transfer to reserves	0	103,160	(103,160)	0
Profit/loss for the year	0	0	(1,194,147)	(1,194,147)
Equity end of year	500,000	1,666,072	3,280,157	5,446,229

Notes

1 Gross profit/loss

Other operating income included in gross profit includes compensation received as a result of the outbreak and spread of COVID-19 in 2020. Compensation amounts to DKK 23,000.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	4,627,952	4,966,806
Pension costs	628,717	640,156
Other social security costs	70,540	79,321
Other staff costs	87,541	76,707
	5,414,750	5,762,990
Average number of full-time employees	9	10

3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	395,360	442,849
Impairment losses on intangible assets	0	217,822
Depreciation of property, plant and equipment	146,474	168,548
Profit/loss from sale of intangible assets and property, plant and equipment	0	29,145
	541,834	858,364

4 Other financial income

	2020	2019
	DKK	DKK
Other interest income	0	545
Exchange rate adjustments	0	34,758
Other financial income	43	0
	43	35,303

5 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	94,973	236,682
Other interest expenses	3,364	1,411
Exchange rate adjustments	19,662	4,324
	117,999	242,417

6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	(336,000)	473,000
Refund in joint taxation arrangement	0	(38,374)
	(336,000)	434,626

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	2,214,244	958,111
Additions	0	527,617
Cost end of year	2,214,244	1,485,728
Amortisation and impairment losses beginning of year	(1,168,622)	0
Amortisation for the year	(395,360)	0
Amortisation and impairment losses end of year	(1,563,982)	0
Carrying amount end of year	650,262	1,485,728

8 Development projects

Development projects in progress include development and testing of new prototypes and software to ensure that the company continues to produce products that can meet the strict requirements of the market and legislation.

Completed development projects

Completed development projects comprise development of software, hardware, and upgrading existing products, development of new equipment and products which support the company's main activities. The cost of development projects comprises costs such as salaries and directly development expenses and are valued in relation to business cases for the individual development projects and the potential of these development projects on existing and new customers.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,621,615	95,728
Additions	216,334	0
Cost end of year	1,837,949	95,728
Depreciation and impairment losses beginning of year	(1,253,033)	(1,595)
Depreciation for the year	(127,328)	(19,146)
Depreciation and impairment losses end of year	(1,380,361)	(20,741)
Carrying amount end of year	457,588	74,987

10 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Other payables	478,905
	478,905

11 Other payables

	2020 DKK	2019 DKK
VAT and duties	441,557	268,031
Wages and salaries, personal income taxes, social security costs, etc payable	652,870	484,810
Other costs payable	92,110	79,616
	1,186,537	832,457

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Toft Holding Esbjerg ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Toft Holding Esbjerg ApS and all its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise completed development projects and development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. The amortisation periods used are 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials, consumables, consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.