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# ***Kantar Gallup A/S***

Masnedøgade 22-24, DK-2100 Copenhagen Ø

## **Annual Report for 1 January - 31 December 2016**

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CVR No 11 94 51 98

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/5 2017

Nicolaas Neele  
Chairman

A handwritten signature in blue ink, appearing to read 'Nicolaas Neele', with a long horizontal flourish extending to the right.

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## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kantar Gallup A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations and cash flows for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 29 May 2017

### Executive Board




Henrik J. Hansen  
CEO



Martin Hoffmann



Morten Kromann-Larsen



Nicolaas Neele

### Board of Directors



Yvonne Pernodd  
Chairman



Paul Francis Cherry



Henrik J. Hansen

# **Independent Auditor's Report**

To the owner of Kantar Gallup A/S

## **Opinion**

We have audited the Financial Statements of Kantar Gallup A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's Report

## **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 Company'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

# Independent Auditor's Report

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Copenhagen, 29 May 2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56



Max Damberg

State Authorised Public Accountant

## **Company Information**

### **The Company**

Kantar Gallup A/S  
Masnedøgade 22-24  
DK-2100 Copenhagen Ø  
E-mail: skrivtil@kantargallup.dk  
Website: kantargallup.dk

CVR No: 11 94 51 98  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Yvonne Pernodd , Chairman  
Paul Francis Cherry  
Henrik J. Hansen

### **Executive Board**

Henrik J. Hansen  
Martin Hoffmann  
Morten Kromann-Larsen  
Nicolaas Neele

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekæmpsgade 6  
DK-0900 Copenhagen C

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	171.858	165.489	164.195	170.508	186.451
Gross profit/loss	91.691	97.965	99.235	97.093	115.310
Operating profit/loss	12.226	23.368	22.956	22.507	34.086
Net financials	-297	-203	-329	-282	2.196
Net profit/loss for the year	9.173	17.658	17.028	16.416	27.852
<b>Balance sheet</b>					
Balance sheet total	65.646	62.325	61.439	83.920	100.450
Equity	14.707	23.192	22.562	36.950	48.386
<b>Cash flows</b>					
Cash flows from:					
<b>Ratios</b>					
Gross margin	53,4%	59,2%	60,4%	56,9%	61,8%
Profit margin	7,1%	14,1%	14,0%	13,2%	18,3%
Solvency ratio	22,4%	37,2%	36,7%	44,0%	48,2%
Return on equity	48,4%	77,2%	57,2%	38,5%	54,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



## **Management's Review**

### **Primary activities**

In 2016, Kantar Gallup A/S, which is the Danish part of the Kantar Group, maintained its position on the market as the leading provider of market research in Denmark. Kantar Group is part of the WPP Group.

### **Development in activities and finances**

The income statement of the Company for 2016 shows a profit of TDKK 9,173, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 14,707.

Revenue and results have not lived up to the expectations for the year. The difference compared to 2015 is mainly caused by the stagnant activities.

### **Outlook**

In 2017, the Company expects a limited growth both in revenue and results compared to 2016.

### **Particular risks**

#### ***Business risks***

There are no business risks.

#### ***Financial exposure***

The Company's results and cash flow are to a limited degree influenced by exchange rate fluctuations. Currency risks are partly hedged through opposing cash flows from the Company's activities. No currency transactions are entered into to further reduce the risks, nor are any speculative currency transactions entered into.

Changes in the interest rate levels have no significant impact on the earnings.

### **Research and development**

The Company has no research and development activities.

### **Environmental performance**

There are no material environmental impacts to take into consideration.

## **Management's Review**

### **Intellectual capital resources**

Kantar Gallup works constantly on maintaining and enhancing its position as the leading market research company in Denmark. To ensure this position, the Company's objective is to employ and retain well-educated and highly skilled employees.

Kantar Gallup is determined to remain a very attractive workplace with a strong and deeply embedded company culture.

### **Uncertainty relating to recognition and measurement**

There are no material uncertainties relating to recognition and measurement.

### **Unusual circumstances affecting recognition and measurement**

There are no unusual circumstances affecting recognition and measurement.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Revenue</b>		<b>171.858</b>	<b>165.489</b>
Other external expenses		<u>-80.167</u>	<u>-67.524</u>
<b>Gross profit/loss</b>		<b>91.691</b>	<b>97.965</b>
Staff expenses	1	-78.922	-73.835
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	<u>-543</u>	<u>-762</u>
<b>Profit/loss before financial income and expenses</b>		<b>12.226</b>	<b>23.368</b>
Financial income	3	99	59
Financial expenses	4	<u>-396</u>	<u>-262</u>
<b>Profit/loss before tax</b>		<b>11.929</b>	<b>23.165</b>
Tax on profit/loss for the year	5	<u>-2.756</u>	<u>-5.507</u>
<b>Net profit/loss for the year</b>		<u><b>9.173</b></u>	<u><b>17.658</b></u>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	<u>9.173</u>	<u>17.658</u>
	<u><b>9.173</b></u>	<u><b>17.658</b></u>

## Balance Sheet 31 December

### Assets

	Note	2016 TDKK	2015 TDKK
Acquired licenses		3.239	0
<b>Intangible assets</b>	6	<b>3.239</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		21.432	1.569
<b>Property, plant and equipment</b>	7	<b>21.432</b>	<b>1.569</b>
Deposits		2.658	2.660
<b>Fixed asset investments</b>	8	<b>2.658</b>	<b>2.660</b>
<b>Fixed assets</b>		<b>27.329</b>	<b>4.229</b>
Trade receivables		21.379	19.385
Contract work in progress	9	1.249	1.028
Receivables from group enterprises		10.816	32.089
Other receivables		71	0
Deferred tax asset		0	1.803
Corporation tax		2.328	733
Prepayments	10	1.016	2.236
<b>Receivables</b>		<b>36.859</b>	<b>57.274</b>
<b>Cash at bank and in hand</b>		<b>1.458</b>	<b>822</b>
<b>Currents assets</b>		<b>38.317</b>	<b>58.096</b>
<b>Assets</b>		<b>65.646</b>	<b>62.325</b>

## Balance Sheet 31 December

### Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		534	534
Retained earnings		5.000	5.000
Proposed dividend for the year		9.173	17.658
<b>Equity</b>	11	<b>14.707</b>	<b>23.192</b>
Provision for deferred tax		141	0
Provisions for pensions and similar obligations	12	1.905	2.020
<b>Provisions</b>		<b>2.046</b>	<b>2.020</b>
Prepayments received from customers		10.178	6.427
Trade payables		3.471	3.700
Payables to group enterprises		5.249	4.941
Other payables		29.995	22.045
<b>Short-term debt</b>		<b>48.893</b>	<b>37.113</b>
<b>Debt</b>		<b>48.893</b>	<b>37.113</b>
<b>Liabilities and equity</b>		<b>65.646</b>	<b>62.325</b>
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	534	5.000	17.658	23.192
Ordinary dividend paid	0	0	-17.658	-17.658
Net profit/loss for the year	0	0	9.173	9.173
<b>Equity at 31 December</b>	<b>534</b>	<b>5.000</b>	<b>9.173</b>	<b>14.707</b>

## Cash Flow Statement 1 January - 31 December

	Note	2016 TDKK	2015 TDKK
Net profit/loss for the year		9.173	17.658
Adjustments	13	3.596	6.472
Change in working capital	14	31.872	-265
<b>Cash flows from operating activities before financial income and expenses</b>		<b>44.641</b>	<b>23.865</b>
Financial income		99	59
Financial expenses		-396	-262
<b>Cash flows from ordinary activities</b>		<b>44.344</b>	<b>23.662</b>
Corporation tax paid		-2.407	-5.128
<b>Cash flows from operating activities</b>		<b>41.937</b>	<b>18.534</b>
Purchase of intangible assets		-3.239	0
Purchase of property, plant and equipment		-20.406	-2.005
Fixed asset investments made etc		2	-36
<b>Cash flows from investing activities</b>		<b>-23.643</b>	<b>-2.041</b>
Dividend paid		-17.658	-17.028
<b>Cash flows from financing activities</b>		<b>-17.658</b>	<b>-17.028</b>
<b>Change in cash and cash equivalents</b>		<b>636</b>	<b>-535</b>
Cash and cash equivalents at 1 January		822	1.357
<b>Cash and cash equivalents at 31 December</b>		<b>1.458</b>	<b>822</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.458	822
<b>Cash and cash equivalents at 31 December</b>		<b>1.458</b>	<b>822</b>

## Notes to the Financial Statements

	2016 TDKK	2015 TDKK
<b>1 Staff expenses</b>		
Wages and salaries	76.256	71.293
Pensions	200	194
Other social security expenses	1.173	1.169
Other staff expenses	1.293	1.179
	<b>78.922</b>	<b>73.835</b>
<b>Including remuneration to the Executive Board</b>	<b>6.831</b>	<b>6.556</b>
<b>Average number of employees</b>	<b>147</b>	<b>145</b>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p> <p>The Executive Board and Senior Officers at Kantar Gallup A/S are covered by the WPP Group's share option programmes. The Programmes that have been entered into by WPP Plc and Kantar Gallup A/S have no financial impact on these financial statements.</p>		
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	543	762
	<b>543</b>	<b>762</b>
<b>3 Financial income</b>		
Other financial income	0	25
Exchange adjustments	99	34
	<b>99</b>	<b>59</b>
<b>4 Financial expenses</b>		
Other financial expenses	295	239
Exchange adjustments, expenses	101	23
	<b>396</b>	<b>262</b>



## Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	812	5,116
Deferred tax for the year	1,944	386
Adjustment of tax concerning previous years	0	5
	<u>2.756</u>	<u>5.507</u>
 <b>6 Intangible assets</b>		
		Acquired licenses <u>TDKK</u>
Cost at 1 January		0
Additions for the year		3.239
Cost at 31 December		<u>3.239</u>
 <b>Carrying amount at 31 December</b>		<u>3.239</u>
 <b>7 Property, plant and equipment</b>		
		Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January		36.287
Additions for the year		20.406
Disposals for the year		-19.796
Cost at 31 December		<u>36.897</u>
 Impairment losses and depreciation at 1 January		34.718
Depreciation for the year		543
Reversal of impairment and depreciation of sold assets		-19.796
Impairment losses and depreciation at 31 December		<u>15.465</u>
 <b>Carrying amount at 31 December</b>		<u>21.432</u>

## Notes to the Financial Statements

### 8 Fixed asset investments

	Deposits TDKK
Cost at 1 January	2.660
Disposals for the year	-2
Cost at 31 December	<u>2.658</u>
<b>Carrying amount at 31 December</b>	<b><u>2.658</u></b>

### 9 Contract work in progress

	2016 TDKK	2015 TDKK
Selling price of work in progress	9.208	10.121
Payments received on account	-7.959	-9.093
	<u>1.249</u>	<u>1.028</u>

### 10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

### 11 Equity

The share capital consists of 534 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

### 12 Provisions for pensions and similar liabilities

Provisions for pensions and similar liabilities comprise anticipated costs of non-recourse pension commitments and amount to DKK 1,905 thousand at 31.12.2016.

## Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>13 Cash flow statement - adjustments</b>		
Financial income	-99	-59
Financial expenses	396	262
Depreciation, amortisation and impairment losses, including losses and gains on sales	543	762
Tax on profit/loss for the year	<u>2.756</u>	<u>5.507</u>
	<u><b>3.596</b></u>	<u><b>6.472</b></u>

### 14 Cash flow statement - change in working capital

Change in receivables	20.207	-521
Change in other provisions	-115	-160
Change in trade payables, etc	<u>11.780</u>	<u>416</u>
	<u><b>31.872</b></u>	<u><b>-265</b></u>

### 15 Contingent assets, liabilities and other financial obligations

#### Contingent liabilities

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
Commitments under rental agreements or leases until expiry	4.320	5.135

The Company participates in a Danish joint taxation arrangement in which WPP Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the joint taxed companies.

There are no security and contingent liabilities at 31 December 2016.

# Notes to the Financial Statements

## 16 Related parties

### Controlling interest

Kantar Gallup A/S is 100 % owned by Taylor Nelson Sofres B.V., Laan op Zuid 167, 3072 DB Rotterdam, Holland and is ultimately a 100 % owned subsidiary of WPP Plc., Queensway House, Hilgrove Street, St. Helier, Jersey, JE1 1ES, a company listed on the London Stock Exchange. Kantar Gallup A/S is included in the consolidated financial statements of WPP Plc.

### Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

<u>Name</u>	<u>Place of registered office</u>
WPP plc.	27 Farn Street, W17 5RJ, London, England.

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Kantar Gallup A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in TDKK.

### **Recognition and measurement**

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

Assets and liabilities are initially 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 maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### **Leases**

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## **Notes, Accounting Policies**

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## **Income Statement**

### **Revenue**

Revenue from the sale of services is recognised in the income statement when performed. Revenue is recognised net of VAT, duties and sales discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **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.

### **Staff expenses**

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

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

## **Notes, Accounting Policies**

### **Financial income and expenses**

Other financial income comprises interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Entity is jointly taxed with other Danish subsidiaries of the WPP Group. 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**

### **Intangible assets**

Intangible assets are measured at cost at less accumulated depreciation and impairment losses.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Other fixtures and fittings, tools and equipment      1-10    years

Depreciation period and residual value are reassessed annually.

### **Receivables**

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

## **Notes, Accounting Policies**

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

### **Prepayments**

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

### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions for pensions and similar liabilities are measured at best realisable value equal to the present value of expected payments by the individual pension schemes etc.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.



## **Notes, Accounting Policies**

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding 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.

## Notes, Accounting Policies

### Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$