
JYSK A/S

Sødalsparken 18, DK-8220 Brabrand

Annual Report for 1 September 2017 - 31 August 2018

CVR No 13 59 04 00

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/1 2019

Uffe Baller
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JYSK A/S for the financial year 1 September 2017 - 31 August 2018.

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 August 2018 of the Company and of the results of the Company operations for 2017/18.

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

Aarhus, 31 January 2019

Executive Board

Jan Bøgh
CEO

Henrik Naundrup

Mikael Havndrup Nielsen

Board of Directors

Lars Larsen
Chairman

Hans Henrik Kjølby

Jan Bøgh

Jacob Brunsborg

Independent Auditor's Report

To the Shareholders of JYSK A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2018 and of the results of the Company's operations for the financial year 1 September 2017 - 31 August 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of JYSK A/S for the financial year 1 September 2017 - 31 August 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

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.

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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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.

Aarhus, 31 January 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Lund
State Authorised Public Accountant
mne10845

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Company Information

The Company

JYSK A/S
Sødalsparken 18
DK-8220 Brabrand

Telephone: + 45 89 39 75 00
Facsimile: + 45 89 39 75 01
Website: www.jysk.com

CVR No: 13 59 04 00
Financial period: 1 September - 31 August
Municipality of reg. office: Aarhus

Board of Directors

Lars Larsen, Chairman
Hans Henrik Kjølby
Jan Bøgh
Jacob Brunsborg

Executive Board

Jan Bøgh
Henrik Naundrup
Mikael Havndrup Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Bankers

Nordjyske Bank A/S
Torvet 4
Postboks 123
9400 Nørresundby

Nordea Bank Danmark A/S
Skt. Clemens Torv 2-6
8000 Aarhus C

Financial Highlights

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

	2017/18	2016/17	2015/16	2014/15	2013/14
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	4.062.389	3.887.000	3.673.825	3.450.551	3.275.573
Operating profit/loss	218.872	266.601	232.655	250.754	252.074
Profit/loss before financial income and expenses	1.147.805	1.043.266	968.567	924.427	876.850
Net financials	-8.918	-22.102	-1.334	2.526	116
Net profit/loss for the year	888.345	799.296	754.672	708.402	660.573
Balance sheet					
Balance sheet total	2.716.543	2.675.596	2.650.126	2.478.102	2.981.279
Equity	2.021.717	1.932.372	1.887.076	1.840.404	2.332.002
Investment in property, plant and equipment	241.849	324.012	135.184	22.378	17.541
Number of employees	1.494	1.394	1.372	1.326	1.288
Ratios					
Return on assets	42,3%	39,0%	36,5%	37,3%	29,4%
Solvency ratio	74,4%	72,2%	71,2%	74,3%	78,2%
Return on equity	44,9%	41,9%	40,5%	34,0%	33,0%

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

Principal activity

The principal activity of the Company is primarily retail and wholesale trade of everything for the bedroom, bathroom, living/dining room, curtains and garden furniture.

Our retail and wholesale activities are carried out from 105 stores in Denmark in addition to online sales, sales to fellow companies and franchise sales from the distribution centre in Uldum.

Development in the year

Revenue in JYSK A/S reached DKK 4.062 million compared to DKK 3.887 million in FY 2016/17. The improvement is attributable to increases in sales in existing stores, online sales, sales to fellow companies and in franchise sales.

Profit before financial income and expenses reached DKK 1.148 million compared to DKK 1.043 million last year.

Profit after tax for the year amounts to DKK 888 million.

Development expectations

JYSK A/S expects the 2018/19 profit to reach a level which is unchanged compared to 2017/18.

Environmental initiatives

JYSK A/S makes an effort to constantly reduce the environmental impact related to our activities. Energy efficient store fittings and lightning are used in connection with new openings and store renovations, where possible, and we moreover work on reducing the use of air conditioning.

JYSK A/S currently seeks to upgrade to efficient operation and minimise mileage through optimised route planning.

Intellectual capital resources

Through specific, customised training programmes and our own training centre, JYSK A/S continues to develop competent employees who are able to handle operational management in the Group's retail stores.

Statement of corporate social responsibility

The statement required under section 99(a) of the Danish Financial Statements Act are contained in the Consolidated Financial Statement of Anpartsselskabet af 19. december 2014, Aarhus.

Management's Review

Statement on gender composition

The statement required under section 99(b) of the Danish Financial Statements Act are contained in the Consolidated Financial Statement of Anpartsselskabet af 19. december 2014, Aarhus.

Subsequent events

No material subsequent events have been identified.

Income Statement 1 September - 31 August

	Note	2017/18 DKK '000	2016/17 DKK '000
Revenue		4.062.389	3.887.000
Other operating income		929.163	776.665
Cost of goods sold		-2.483.077	-2.381.125
Other external expenses		-666.539	-592.059
Gross profit/loss		1.841.936	1.690.481
Staff expenses	1	-663.795	-619.169
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-30.106	-28.046
Other operating expenses		-230	0
Profit/loss before financial income and expenses		1.147.805	1.043.266
Financial income	3	2.452	9.037
Financial expenses		-11.370	-31.139
Profit/loss before tax		1.138.887	1.021.164
Tax on profit/loss for the year	4	-250.542	-221.868
Net profit/loss for the year		888.345	799.296

Balance Sheet 31 August

Assets

	Note	2017/18 DKK '000	2016/17 DKK '000
Other fixtures and fittings, tools and equipment		40.685	40.958
Trucks and cars		27.571	23.349
Leasehold improvements		13.795	12.873
Assets under construction		<u>575.820</u>	<u>373.528</u>
Property, plant and equipment	5	<u>657.871</u>	<u>450.708</u>
Deposits		61.603	57.742
Other investments		<u>152.784</u>	<u>152.783</u>
Fixed asset investments	6	<u>214.387</u>	<u>210.525</u>
Fixed assets		<u>872.258</u>	<u>661.233</u>
Inventories		<u>869.296</u>	<u>764.038</u>
Trade receivables		487.373	546.070
Receivables from group enterprises		10.445	5.992
Other receivables		440.646	580.457
Deferred tax asset	10	7.895	9.607
Corporation tax		0	21.108
Prepayments	7	<u>14.303</u>	<u>18.483</u>
Receivables		<u>960.662</u>	<u>1.181.717</u>
Cash at bank and in hand		<u>14.327</u>	<u>68.608</u>
Currents assets		<u>1.844.285</u>	<u>2.014.363</u>
Assets		<u>2.716.543</u>	<u>2.675.596</u>

Balance Sheet 31 August

Liabilities and equity

	Note	2017/18 DKK '000	2016/17 DKK '000
Share capital		500	500
Retained earnings		1.132.872	1.132.872
Proposed dividend for the year		888.345	799.000
Equity	8	2.021.717	1.932.372
Credit institutions		41.839	0
Prepayments received from customers		18.039	18.303
Trade payables		172.870	280.506
Corporation tax		248.831	236.678
Other payables		208.200	203.615
Deferred income	11	5.047	4.122
Short-term debt		694.826	743.224
Debt		694.826	743.224
Liabilities and equity		2.716.543	2.675.596
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 September	500	1.132.872	799.000	1.932.372
Ordinary dividend paid	0	0	-799.000	-799.000
Net profit/loss for the year	0	0	888.345	888.345
Equity at 31 August	500	1.132.872	888.345	2.021.717

Notes to the Financial Statements

	2017/18 <u>DKK '000</u>	2016/17 <u>DKK '000</u>
1 Staff expenses		
Wages and salaries	613.262	572.310
Pensions	41.165	37.454
Other social security expenses	9.368	9.405
	<u>663.795</u>	<u>619.169</u>
 Including remuneration to the Executive Board of: Executive Board	 <u>33.001</u>	 <u>34.039</u>
	<u>33.001</u>	<u>34.039</u>
 Average number of employees	 <u>1.494</u>	 <u>1.394</u>
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	<u>30.106</u>	<u>28.046</u>
	<u>30.106</u>	<u>28.046</u>
 Which is specified as follows:		
Other fixtures and fittings, tools and equipment	15.266	14.260
Trucks and cars	10.923	10.207
Leasehold improvements	3.917	3.579
	<u>30.106</u>	<u>28.046</u>
 3 Financial income		
Interest received from group enterprises	1.426	4.154
Other financial income	1.026	4.883
	<u>2.452</u>	<u>9.037</u>
 4 Tax on profit/loss for the year		
Current tax for the year	248.831	236.678
Deferred tax for the year	1.711	2.298
Adjustment of tax concerning previous years	0	-17.108
	<u>250.542</u>	<u>221.868</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Trucks and cars	Leasehold improvements	Assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 September	384.121	49.912	36.102	373.529
Additions for the year	15.019	19.691	4.849	202.291
Disposals for the year	-11.647	-16.410	-513	0
Cost at 31 August	<u>387.493</u>	<u>53.193</u>	<u>40.438</u>	<u>575.820</u>
Impairment losses and depreciation at 1 September	343.163	26.564	23.229	0
Depreciation for the year	15.266	10.923	3.917	0
Reversal of impairment and depreciation of sold assets	-11.621	-11.865	-503	0
Impairment losses and depreciation at 31 August	<u>346.808</u>	<u>25.622</u>	<u>26.643</u>	<u>0</u>
Carrying amount at 31 August	<u>40.685</u>	<u>27.571</u>	<u>13.795</u>	<u>575.820</u>
Depreciated over	<u>3-5 years</u>	<u>4 years</u>	Term of the <u>lease</u>	

6 Fixed asset investments

	Deposits	Other investments
	DKK '000	DKK '000
Cost at 1 September	57.742	152.784
Additions for the year	3.900	0
Disposals for the year	-39	0
Cost at 31 August	<u>61.603</u>	<u>152.784</u>
Carrying amount at 31 August	<u>61.603</u>	<u>152.784</u>

7 Prepayments

Prepayments primarily consist of prepaid expenses regarding rent, electricity and insurances etc.

Notes to the Financial Statements

8 Equity

The share capital is broken down as follow:

	<u>Number</u> <i>Number</i>	<u>Nominal value</u> <i>Nominal value</i> DKK '000
A-shares	50	50
B-shares	450	450
		<u>500</u>

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

9 Distribution of profit

	<u>2017/18</u> DKK '000	<u>2016/17</u> DKK '000
Proposed dividend for the year	888.345	799.000
Retained earnings	<u>0</u>	<u>296</u>
	<u>888.345</u>	<u>799.296</u>

Notes to the Financial Statements

	2017/18 DKK '000	2016/17 DKK '000
10 Deferred tax asset		
Deferred tax asset at 1 September	9.607	11.905
Amounts recognised in the income statement for the year	-1.711	-2.298
Deferred tax asset at 31 August	7.895	9.607
Property, plant and equipment	-6.962	-7.670
Other	-933	-1.937
Transferred to deferred tax asset	7.895	9.607
	0	0

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	7.895	9.607
Carrying amount	7.895	9.607

The recognised tax asset comprises property, plant and equipments expected to be utilised within the nearest future. In connection with the assessment of the utilisation of the tax asset, it is expected that the Company's profit will be increasing.

11 Deferred income

Deferred income consists of payments received regarding gift vouchers, credit vouchers and prepaid sales.

	2017/18 DKK '000	2016/17 DKK '000
12 Contingent assets, liabilities and other financial obligations		
Contingent assets		
Warranties	6.929	6.924
Rental and lease obligations		
Tenancy commitments	2.532.141	1.432.777

Notes to the Financial Statements

	2017/18	2016/17
	DKK '000	DKK '000
12 Contingent assets, liabilities and other financial obligations (continued)		
Other contingent liabilities		
Letters of credit etc	28.510	42.440
Other contractual obligations	35.855	47.654

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Anpartsselskabet af 19. december 2014, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

JYSK Holding A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2018, mDKK 10,4 have been drawn. As a participant in the cash pool arrangement, JYSK A/S has provided the credit institutions with a guarantee of payment as security for JYSK Holding A/S' obligations pursuant to the cash pool agreement.

Notes to the Financial Statements

13 Related parties

Basis

Controlling interest

Anpartsselskabet af 19. december 2014,
Sødalsparken 18, DK-8220 Brabrand

Controlling shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is included in the Group Annual Report of

Name

Place of registered office

Anpartsselskabet af 19. december 2014

Brabrand, Denmark

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of JYSK A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Anpartsselskabet af 19. december 2014, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 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.

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

Cost of goods sold

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as administrative expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

14 Accounting Policies (continued)

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 Company is jointly taxed with its Parent Company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Trucks and passenger cars	4 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	Over the term of the lease

Gains and losses from current replacement of property, plant and equipment are expensed in "Depreciation".

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

14 Accounting Policies (continued)

Fixed asset investments

Fixed asset investments consist of deposits and other receivables.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

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 assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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.

Deferred income

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

Financial Highlights

Explanation of financial ratios

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