
JYSK A/S

Sødalsparken 18, DK-8220 Brabrand

Annual Report for 1 September 2020 - 31 August 2021

CVR No 13 59 04 00

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/1 2022

Jesper Lund
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 2020 - 31 August 2021.

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 2021 of the Company and of the results of the Company operations for 2020/21.

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

Aarhus, 18 January 2022

Executive Board

Jan Bøgh
CEO

Henrik Naundrup

Mikael Havndrup Nielsen

Board of Directors

Jacob Brunsborg
Chairman

Jan Bøgh

Jesper Lund

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 2021 and of the results of the Company's operations for the financial year 1 September 2020 - 31 August 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of JYSK A/S for the financial year 1 September 2020 - 31 August 2021, 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.

We communicate with those charged with governance regarding, among other matters, the planned

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 18 January 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

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

Jacob Brunsborg, Chairman
Jan Bøgh
Jesper Lund

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:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	5.750.238	5.152.010	4.446.156	4.062.389	3.887.000
Operating profit/loss	522.229	409.456	178.900	218.872	266.601
Profit/loss before financial income and expenses	1.533.932	1.471.000	1.166.563	1.147.805	1.043.266
Net financials	348	-10.576	-3.484	-8.918	-22.102
Net profit/loss for the year	1.198.204	1.134.773	913.455	888.345	799.296
Balance sheet					
Balance sheet total	3.223.620	3.613.061	2.767.788	2.716.543	2.675.596
Equity	2.224.203	2.151.753	1.901.829	2.021.717	1.932.372
Investment in property, plant and equipment	74.358	52.328	267.408	241.849	324.012
Number of employees	2.040	1.707	1.571	1.494	1.394
Ratios					
Return on assets	47,6%	40,7%	42,1%	42,3%	39,0%
Solvency ratio	69,0%	59,6%	68,7%	74,4%	72,2%
Return on equity	54,8%	56,0%	46,6%	44,9%	41,9%

Management's Review

Main 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 110 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 5.750 million compared to DKK 5.152 million in FY 2019/20. 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 1.534 million compared to DKK 1.471 million last year.

Profit after tax for the year amounts to DKK 1.198 million.

The Covid 19 had a negative impact in January and February, due to the many restrictions and closed stores. On the other hand there was a positive impact after the re-opening of the stores.

Development expectations

JYSK A/S expects the 2021/22 profit to reach a level which is unchanged compared to 2020/21. We don't expect any negative impact from the Covid 19.

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.

Management's Review

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 LLPT Holding ApS, Aarhus.

Statement on gender composition

The Board of Directors consists of three male board members. The Board of Directors aim for male and female board members to be represented equally by year 2024.

JYSK A/S has a policy on gender equality, addressing our work related to gender composition at management levels in the company.

At management levels (other than The Board of Directors), the gender composition is as illustrated in below scheme.

JYSK A/S	Total	Women in percent	Men in percent
Total number of employees JYSK A/S (All employees. Not as FTEs. JYSK A/S)	2752	43%	57%
Leadership positions JYSK A/S (Employees with staff responsibility)	305	31%	69%

JYSK A/S strives to be an attractive workplace with equal opportunity for all employees. We will continue our work to further support the development towards equal gender representation at management levels throughout the organisation. To achieve that ambition, we will work actively with the Group Gender Equality Policy and Human Resource programs, while ensuring that recruitment is based on qualifications and competences.

Subsequent events

No material subsequent events have been identified.

Income Statement 1 September - 31 August

	Note	2020/21 DKK '000	2019/20 DKK '000
Revenue		5.750.238	5.152.010
Other operating income		1.017.839	1.061.720
Cost of goods sold		-3.367.768	-3.098.981
Other external expenses		-745.261	-695.550
Gross profit/loss		2.655.048	2.419.199
Staff expenses	1	-1.021.315	-859.668
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-93.665	-88.355
Other operating expenses		-6.136	-176
Profit/loss before financial income and expenses		1.533.932	1.471.000
Financial income	3	9.684	326
Financial expenses		-9.336	-10.902
Profit/loss before tax		1.534.280	1.460.424
Tax on profit/loss for the year	4	-336.076	-325.651
Net profit/loss for the year		1.198.204	1.134.773

Balance Sheet 31 August

Assets

	Note	2021 DKK '000	2020 DKK '000
Other fixtures and fittings, tools and equipment		98.884	128.200
Trucks and cars		27.025	26.981
Leasehold improvements		70.491	103.393
Assets under construction		64.434	23.171
Property, plant and equipment	5	260.834	281.745
Deposits		82.392	80.980
Fixed asset investments	6	82.392	80.980
Fixed assets		343.226	362.725
Inventories		1.125.771	908.762
Trade receivables		431.792	577.006
Receivables from group enterprises		5.525	84.449
Other receivables		1.231.578	1.595.291
Deferred tax asset	7	24.895	16.995
Prepayments	8	25.591	30.116
Receivables		1.719.381	2.303.857
Cash at bank and in hand		35.242	37.717
Currents assets		2.880.394	3.250.336
Assets		3.223.620	3.613.061

Balance Sheet 31 August

Liabilities and equity

	Note	2021 DKK '000	2020 DKK '000
Share capital	9	500	500
Retained earnings		1.025.499	1.016.480
Proposed dividend for the year		1.198.204	1.134.773
Equity		2.224.203	2.151.753
Prepayments received from customers		25.606	23.222
Trade payables		355.036	322.684
Payables to group enterprises		0	116.074
Corporation tax		330.627	273.550
Other payables		285.360	722.296
Deferred income	11	2.788	3.482
Short-term debt		999.417	1.461.308
Debt		999.417	1.461.308
Liabilities and equity		3.223.620	3.613.061
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

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	1.016.480	1.134.773	2.151.753
Adjustment	0	9.019	0	9.019
Adjusted equity at 1 September	500	1.025.499	1.134.773	2.160.772
Ordinary dividend paid	0	0	-1.134.773	-1.134.773
Net profit/loss for the year	0	0	1.198.204	1.198.204
Equity at 31 August	500	1.025.499	1.198.204	2.224.203

Notes to the Financial Statements

	2020/21 <u>DKK '000</u>	2019/20 <u>DKK '000</u>
1 Staff expenses		
Wages and salaries	944.949	796.524
Pensions	62.340	51.864
Other social security expenses	14.026	11.280
	<u>1.021.315</u>	<u>859.668</u>
 Including remuneration to the Executive Board of: Executive Board	 <u>62.528</u>	 <u>47.409</u>
	<u>62.528</u>	<u>47.409</u>
 Average number of employees	 <u>2.040</u>	 <u>1.707</u>
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	<u>93.665</u>	<u>88.355</u>
	<u>93.665</u>	<u>88.355</u>
 Which is specified as follows:		
Other fixtures and fittings, tools and equipment	45.813	41.175
Trucks and cars	12.798	12.044
Leasehold improvements	<u>35.054</u>	<u>35.136</u>
	<u>93.665</u>	<u>88.355</u>
 3 Financial income		
Other financial income	<u>9.684</u>	<u>326</u>
	<u>9.684</u>	<u>326</u>

Notes to the Financial Statements

	2020/21	2019/20
	DKK '000	DKK '000
4 Tax on profit/loss for the year		
Current tax for the year	343.976	325.150
Deferred tax for the year	-7.900	501
Adjustment of tax concerning previous years	0	1.860
Adjustment of deferred tax concerning previous years	0	-1.860
	336.076	325.651

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	536.772	57.294	199.152	23.171
Additions for the year	16.505	14.437	2.152	41.263
Disposals for the year	-1.190	-11.248	0	0
Cost at 31 August	552.087	60.483	201.304	64.434
Impairment losses and depreciation at 1 September	408.572	30.313	95.759	0
Depreciation for the year	45.813	12.798	35.054	0
Reversal of impairment and depreciation of sold assets	-1.182	-9.653	0	0
Impairment losses and depreciation at 31 August	453.203	33.458	130.813	0
Carrying amount at 31 August	98.884	27.025	70.491	64.434
Depreciated over	3-5 years	4 years	5 years	

6 Fixed asset investments

	Deposits
	DKK '000
Cost at 1 September	80.980
Additions for the year	1.412
Cost at 31 August	82.392
Carrying amount at 31 August	82.392

Notes to the Financial Statements

	<u>2021</u> DKK '000	<u>2020</u> DKK '000
7 Deferred tax asset		
Deferred tax asset at 1 September	16.995	17.496
Amounts recognised in the income statement for the year	<u>7.900</u>	<u>-501</u>
Deferred tax asset at 31 August	<u>24.895</u>	<u>16.995</u>
Property, plant and equipment	-18.911	-11.128
Inventories	-2.896	-2.461
Other	-3.088	-3.406
Transferred to deferred tax asset	<u>24.895</u>	<u>16.995</u>
	<u>0</u>	<u>0</u>

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

Deferred tax asset

Calculated tax asset	<u>24.895</u>	<u>16.995</u>
Carrying amount	<u>24.895</u>	<u>16.995</u>

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.

8 Prepayments

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

Notes to the Financial Statements

9 Equity

The share capital is broken down as follow:

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

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

10 Distribution of profit

	<u>2020/21</u> DKK '000	<u>2019/20</u> DKK '000
Proposed dividend for the year	<u>1.198.204</u>	<u>1.134.773</u>
	<u>1.198.204</u>	<u>1.134.773</u>

11 Deferred income

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

Notes to the Financial Statements

	2021 DKK '000	2020 DKK '000
12 Contingent assets, liabilities and other financial obligations		
Contingent assets		
Warranties	5.103	5.652
Rental and lease obligations		
Tenancy commitments	2.289.999	2.322.078
Other contingent liabilities		
Letters of credit etc	13.762	38.362
Other contractual obligations	110.673	46.571

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 LLPT Holding ApS, 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.

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2021, mDKK 269 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 LLG A/S' obligations pursuant to the cash pool agreement.

Notes to the Financial Statements

13 Related parties

Basis

Controlling interest

LLPT Holding ApS

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

LLPT Holding ApS

Brabrand, Denmark

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of JYSK A/S for 2020/21 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.

Comparative figures in the income statement have been restated to match this year's presentation. The adjustment of the comparative figures have no effect on result for the year.

The Financial Statements for 2020/21 are presented in DKK '000.

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 LLPT Holding ApS, 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	5 years

The fixed assets' residual values are determined at nil.

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

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 investment.

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 in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

14 Accounting Policies (continued)

ferred 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$