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# ***CAE Centre Copenhagen A/S***

Kystvejen 40, DK-2770 Kastrup

## **Annual Report for 1 April 2019 - 31 March 2020**

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CVR No 14 33 82 76

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
19/08 2020

Onno Rijdsijk  
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 CAE Centre Copenhagen A/S for the financial year 1 April 2019 - 31 March 2020.

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 March 2020 of the Company and of the results of the Company operations for 1 April 2019 - 31 March 2020.

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.

Kastrup, 19 August 2020

## Executive Board

Signe Nicolaisen Hørning

## Board of Directors

Onno Rijdsdijk  
Chairman

Jose Maria Garcia Elipe

Geert Jef J. Aerts

# Independent Auditor's Report

To the Shareholder of CAE Centre Copenhagen A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CAE Centre Copenhagen A/S for the financial year 1 April 2019 - 31 March 2020, 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.

# Independent Auditor's Report

## 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.

## 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

# Independent Auditor's Report

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.

Hellerup, 19 August 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

## **Company Information**

### **The Company**

CAE Centre Copenhagen A/S  
Kystvejen 40  
DK-2770 Kastrup

Telephone: + 45 72300700  
Website: [www.cae.com](http://www.cae.com)

CVR No: 14 33 82 76  
Financial period: 1 April - 31 March  
Municipality of reg. office: Tårnby

### **Board of Directors**

Onno Rijdsijk, Chairman  
Jose Maria Garcia Elipe  
Geert Jef J. Aerts

### **Executive Board**

Signe Nicolaisen Hørning

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	40.928	39.968	53.644	41.152	20.457
Profit/loss before financial income and expenses	14.730	12.813	28.473	21.578	3.395
Net financials	-1.078	-361	-2.018	-658	-256
Net profit/loss for the year	10.648	9.710	20.632	44.338	3.138
<b>Balance sheet</b>					
Balance sheet total	146.994	145.880	153.076	132.315	79.212
Equity	134.942	124.294	134.584	113.952	69.614
Investment in property, plant and equipment	-25.286	-1.511	-69.076	-5.712	-816
Number of employees	24	25	24	23	16
<b>Ratios</b>					
Return on assets	10,0%	8,8%	18,6%	16,3%	4,3%
Solvency ratio	91,8%	85,2%	87,9%	86,1%	87,9%
Return on equity	8,2%	7,5%	16,6%	48,3%	4,4%

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

## Key activities

The Company's main activities consist of providing educational services, training equipment, renting the flight simulators and other training equipment.

## Development in the year

The income statement of the Company for 2019/20 shows a profit of DKK 10,647,907, and at 31 March 2020 the balance sheet of the Company shows equity of DKK 134,942,225.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a global pandemic. The extent of the COVID-19 pandemic on the Company's operational and financial performance will depend on future developments, including the duration, severity and spread of the pandemic, related restrictions on travel and transportation and other actions that may be taken by governmental authorities.

As a result of the COVID-19 pandemic, the Company has realized a 20% reduction in revenue for the period February - March 2020 compared to the same period last year.

## Operating risks

The Company is largely dependent on the development in the aviation market and is therefore affected by the trends and activities in this sector.

## Targets and expectations for the year ahead

The Company is planning to continue to operate profitably and to grow the business when the opportunities arise.

The COVID-19 pandemic has created unprecedented uncertainty in the global economy, the global air transportation environment and to CAE's business. Several of CAE's customers are facing significant challenges, with airlines having to ground most of their aircraft in response to travel bans, border restrictions, and lower demand for air travel. CAE continues to take measures to protect the health and safety of its employees, work with its customers to minimize potential disruptions and support its community in addressing the challenges posed by this global pandemic.

In the short-term; however, the Company expects the COVID-19 pandemic to have a negative impact on its performance. The current view for fiscal year 2021 is for a material decrease in operational and financial performance in the first half, and for the second half of the year to potentially begin to inflect positively, as markets are expected to begin to reopen, and travel restrictions are eased. CAE has implemented several measures to preserve liquidity and reduce operating costs as it weathers the COVID-19 pandemic.

## Income Statement 1 April - 31 March

	Note	2019/20	2018/19
		DKK	DKK
<b>Gross profit</b>		<b>40.927.681</b>	<b>39.968.334</b>
Staff expenses	2	-16.521.076	-17.706.024
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-9.676.787	-9.448.968
<b>Profit before financial income and expenses</b>		<b>14.729.818</b>	<b>12.813.342</b>
Financial income	3	7.045	5.259
Financial expenses	4	-1.084.822	-366.607
<b>Profit before tax</b>		<b>13.652.041</b>	<b>12.451.994</b>
Tax on profit for the year	5	-3.004.134	-2.741.871
<b>Net profit for the year</b>		<b>10.647.907</b>	<b>9.710.123</b>

## Balance Sheet 31 March

### Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		71.322.426	59.936.568
Leasehold improvements		6.063.363	7.671.940
Property, plant and equipment in progress		1.315.971	1.319.669
<b>Property, plant and equipment</b>	6	<b>78.701.760</b>	<b>68.928.177</b>
<b>Fixed assets</b>		<b>78.701.760</b>	<b>68.928.177</b>
Trade receivables		9.951.482	15.359.801
Receivables from group enterprises		31.495.325	0
Other receivables		1.842.654	1.284.618
Deferred tax asset	7	11.849.307	14.853.441
Prepayments	8	1.812.545	17.832.150
<b>Receivables</b>		<b>56.951.313</b>	<b>49.330.010</b>
<b>Cash at bank and in hand</b>		<b>11.341.063</b>	<b>27.622.093</b>
<b>Currents assets</b>		<b>68.292.376</b>	<b>76.952.103</b>
<b>Assets</b>		<b>146.994.136</b>	<b>145.880.280</b>

# Balance Sheet 31 March

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		4.505.000	4.505.000
Retained earnings		100.437.225	119.789.318
Proposed dividend for the year		30.000.000	0
<b>Equity</b>	<b>9</b>	<b><u>134.942.225</u></b>	<b><u>124.294.318</u></b>
Trade payables		4.009.846	4.656.637
Payables to group enterprises		584.216	1.707.738
Other payables		5.879.323	12.294.334
Deferred income		1.578.526	2.927.253
<b>Short-term debt</b>		<b><u>12.051.911</u></b>	<b><u>21.585.962</u></b>
<b>Debt</b>		<b><u>12.051.911</u></b>	<b><u>21.585.962</u></b>
<b>Liabilities and equity</b>		<b><u>146.994.136</u></b>	<b><u>145.880.280</u></b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 April	4.505.000	119.789.318	0	124.294.318
Net profit/loss for the year	0	-19.352.093	30.000.000	10.647.907
<b>Equity at 31 March</b>	<b>4.505.000</b>	<b>100.437.225</b>	<b>30.000.000</b>	<b>134.942.225</b>

# Notes to the Financial Statements

## 1 Subsequent events

The Company expects the COVID-19 pandemic to have a negative impact on its performance. The current view for fiscal year 2021 is for a material decrease in operational and financial performance in the first half, and for the second half of the year to potentially begin to inflect positively, as markets are expected to begin to reopen, and travel restrictions are eased. CAE has implemented several measures to preserve liquidity and reduce operating costs as it weathers the COVID-19 pandemic.

At the date the Board of Directors approved the entity's 2019/20 Annual Report, the entity's management is not aware of any material uncertainties that call into question the entity's ability to continue as a going concern. Any potential adverse impact from COVID-19 on the result is not expected to generate a significant risk for the cash position. No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	<u>2019/20</u> DKK	<u>2018/19</u> DKK
<b>2 Staff expenses</b>		
Wages and salaries	14.655.502	15.987.549
Pensions	1.445.015	1.438.100
Other social security expenses	232.913	123.454
Other staff expenses	187.646	156.921
	<u>16.521.076</u>	<u>17.706.024</u>
<b>Average number of employees</b>	<u>24</u>	<u>25</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The Company's management is included in CAE Inc's share based compensation program. Warrants are granted with a vesting period of 3 years. There are performance conditions in connection with the program. Payment to the parent company regarding share delivered to Management according to the program are recognized as expense in the income statement.

## 3 Financial income

Other financial income	<u>7.045</u>	<u>5.259</u>
	<u>7.045</u>	<u>5.259</u>

## Notes to the Financial Statements

	2019/20	2018/19
	DKK	DKK
<b>4 Financial expenses</b>		
Other financial expenses	81.756	26.433
Exchange loss	1.003.066	340.174
	<b>1.084.822</b>	<b>366.607</b>

	2019/20	2018/19
	DKK	DKK
<b>5 Tax on profit for the year</b>		
Current tax for the year	0	0
Deferred tax for the year	3.004.134	2.811.400
Adjustment of tax concerning previous years	0	-69.529
	<b>3.004.134</b>	<b>2.741.871</b>

### 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK
Cost at 1 April	118.713.935	26.573.828	1.319.669	146.607.432
Additions for the year	25.285.772	0	0	25.285.772
Disposals for the year	-19.750.645	0	-3.698	-19.754.343
Cost at 31 March	<b>124.249.062</b>	<b>26.573.828</b>	<b>1.315.971</b>	<b>152.138.861</b>
Impairment losses and depreciation at 1 April	58.777.367	18.901.888	0	77.679.255
Depreciation for the year	8.068.210	1.608.577	0	9.676.787
Reversal of impairment and depreciation of sold assets	-13.918.941	0	0	-13.918.941
Impairment losses and depreciation at 31 March	<b>52.926.636</b>	<b>20.510.465</b>	<b>0</b>	<b>73.437.101</b>
<b>Carrying amount at 31 March</b>	<b>71.322.426</b>	<b>6.063.363</b>	<b>1.315.971</b>	<b>78.701.760</b>

## Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
<b>7 Deferred tax asset</b>		
Property, plant and equipment	-1.811.431	-3.476.837
Trade receivables	0	-23.536
Other	23.421	12.387
Tax loss carry-forward	-10.061.297	-11.365.455
Transferred to deferred tax asset	<u>11.849.307</u>	<u>14.853.441</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>11.849.307</u>	<u>14.853.441</u>
<b>Carrying amount</b>	<u><b>11.849.307</b></u>	<u><b>14.853.441</b></u>

The deferred tax asset is estimated to be utilized in the forthcoming 1- 5 years.

## 8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, office equipment and an update to training equipment.

## 9 Equity

The share capital consists of 4,505 shares of a nominal value of DKK 1,000. No shares carry any special rights.

	2019/20 <u>DKK</u>	2018/19 <u>DKK</u>
<b>10 Distribution of profit</b>		
Extraordinary dividend paid	0	20.000.000
Proposed dividend for the year	30.000.000	0
Retained earnings	<u>-19.352.093</u>	<u>-10.289.877</u>
	<u><b>10.647.907</b></u>	<u><b>9.710.123</b></u>



# Notes to the Financial Statements

## 11 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Company has entered into various operating lease agreements as detailed below:

- A non-cancellable property rent contract with a variable rent charge, the annual rent payment is currently DKK 6,665k expiring in 2026.
- Two operating leases relating to flight simulators:
  - \* One with an annual rent payment of USD 998k (DKK 6,403k) expiring in 2025.
  - \* One with an annual rent payment of USD 960k (DKK 6,131k) expiring in 2020.
- An operating lease relating to a car with a current annual payment of DKK 71k expiring in 2021.
- An operating lease for photocopying equipment with a current annual payment of DKK 38k expiring in 2022.

# Notes to the Financial Statements

## 12 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
CAE Centre Stockholm AB, Sweden	Stakeholder

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

CAE Centre Stockholm AB, 556397-3444, Sweden

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
CAE Inc.	8585 Cote-de-Liesse, St-Laurent, Qc, Canada, H4T 1G6

The Group Annual Report of CAE Inc. may be obtained at the following address:

8585 Cote-de-Liesse  
St-Laurent, Qc  
Canada  
H4T 1G6

# Notes to the Financial Statements

## 13 Accounting Policies

The Annual Report of CAE Centre Copenhagen A/S for 2019/20 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.

The Financial Statements for 2019/20 are presented in DKK.

### 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 CAE Inc., the Company has not prepared a cash flow statement.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

### 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## 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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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

### Other external expenses

Other external expenses comprise instructor fees, administration, cost of premises etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of goods sold and other external expenses.

### 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 intangible assets and 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.

### Tax on profit 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.

## Balance Sheet

### Property, plant and equipment

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

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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, which is assessed annually, is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Mock-ups, flight simulators, cockpit system simulators and cabin mock-ups	5-25 years
Other fixtures and fittings, tools and equipment and leasehold improvements	5-11 years
Other training equipment	3-5 years
PC's	3 years

### Impairment of fixed assets

The carrying amounts of 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.

### 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.

### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial year.

### 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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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 deferred tax relates to items recognised in equity.

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