



## Scandinavian Fittings & Flanges ApS

Sallingsundvej 7  
6715 Esbjerg N  
CVR No. 18251086

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 20.02.2023

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**Claus Rønnpage Poulsen**  
Chairman of the General Meeting

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# Entity details

## Entity

Scandinavian Fittings & Flanges ApS

Sallingsundvej 7

6715 Esbjerg N

Business Registration No.: 18251086

Registered office: Esbjerg

Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Claus Rønnpage Poulsen

Tore Christiansen

Johan Frederik Brandt

## Executive Board

Claus Rønnpage Poulsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6700 Esbjerg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandinavian Fittings & Flanges ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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

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

Esbjerg, 20.02.2023

## Executive Board

**Claus Rønnpage Poulsen**

## Board of Directors

**Claus Rønnpage Poulsen**

**Tore Christiansen**

**Johan Frederik Brandt**

# Independent auditor's extended review report

## To the shareholders of Scandinavian Fittings & Flanges ApS

### Conclusion

We have performed an extended review of the financial statements of Scandinavian Fittings & Flanges ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Esbjerg, 20.02.2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Stig Petersen**

State Authorised Public Accountant  
Identification No (MNE) mne35464

# Management commentary

## Primary activities

The company's primary activity has been selling pipes, fittings and flanges to the Danish petrochemical industry, as well as to industry in general.

# Income statement for 2022

	Notes	2022 DKK	2021 DKK
<b>Gross profit/loss</b>	1	<b>8,246,676</b>	<b>3,943,691</b>
Staff costs	2	(4,881,838)	(4,193,556)
Depreciation, amortisation and impairment losses	3	(65,301)	(92,472)
<b>Operating profit/loss</b>		<b>3,299,537</b>	<b>(342,337)</b>
Income from investments in group enterprises		545,126	56,124
Other financial income	4	115,361	39,207
Other financial expenses		(13,883)	(23,208)
<b>Profit/loss before tax</b>		<b>3,946,141</b>	<b>(270,214)</b>
Tax on profit/loss for the year	5	(760,515)	52,272
<b>Profit/loss for the year</b>		<b>3,185,626</b>	<b>(217,942)</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		2,000,000	0
Retained earnings		1,185,626	(217,942)
<b>Proposed distribution of profit and loss</b>		<b>3,185,626</b>	<b>(217,942)</b>



# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		229,424	198,070
<b>Property, plant and equipment</b>	6	<b>229,424</b>	<b>198,070</b>
Investments in group enterprises		2,911,829	2,366,703
Deferred tax		4,750	97,578
<b>Financial assets</b>	7	<b>2,916,579</b>	<b>2,464,281</b>
<b>Fixed assets</b>		<b>3,146,003</b>	<b>2,662,351</b>
Manufactured goods and goods for resale		8,385,214	10,995,785
<b>Inventories</b>		<b>8,385,214</b>	<b>10,995,785</b>
Trade receivables		6,116,169	4,202,430
Receivables from group enterprises		355,568	501,330
Other receivables		23,942	23,482
Income tax receivable		0	29,000
Joint taxation contribution receivable		33,699	0
Prepayments		152,135	107,051
<b>Receivables</b>		<b>6,681,513</b>	<b>4,863,293</b>
<b>Cash</b>		<b>4,816,360</b>	<b>767,405</b>
<b>Current assets</b>		<b>19,883,087</b>	<b>16,626,483</b>
<b>Assets</b>		<b>23,029,090</b>	<b>19,288,834</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital		220,000	220,000
Reserve for net revaluation according to the equity method		2,861,829	2,316,703
Retained earnings		13,393,858	12,753,358
Proposed dividend		2,000,000	0
<b>Equity</b>		<b>18,475,687</b>	<b>15,290,061</b>
Other payables		0	185,667
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>185,667</b>
Bank loans		3,680	0
Trade payables		1,842,856	2,455,007
Payables to group enterprises		0	21,755
Income tax payable		113,444	0
Other payables	8	2,593,423	1,336,344
<b>Current liabilities other than provisions</b>		<b>4,553,403</b>	<b>3,813,106</b>
<b>Liabilities other than provisions</b>		<b>4,553,403</b>	<b>3,998,773</b>
<b>Equity and liabilities</b>		<b>23,029,090</b>	<b>19,288,834</b>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
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# Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	220,000	2,316,703	12,753,358	0	15,290,061
Profit/loss for the year	0	545,126	640,500	2,000,000	3,185,626
<b>Equity end of year</b>	<b>220,000</b>	<b>2,861,829</b>	<b>13,393,858</b>	<b>2,000,000</b>	<b>18,475,687</b>

# Notes

## 1 Gross profit/loss

Other operating income in 2021 comprised of compensation received from subsidy schemes regarding staff cost and fixed cost in total 272,945 DKK due to the COVID-19 epidemic.

## 2 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	4,509,813	3,833,364
Pension costs	311,121	300,294
Other social security costs	60,904	59,898
	<b>4,881,838</b>	<b>4,193,556</b>
Average number of full-time employees	7	7

## 3 Depreciation, amortisation and impairment losses

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	65,301	112,472
Profit/loss from sale of intangible assets and property, plant and equipment	0	(20,000)
	<b>65,301</b>	<b>92,472</b>

## 4 Other financial income

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	7,165	4,689
Other interest income	108,196	34,518
	<b>115,361</b>	<b>39,207</b>

## 5 Tax on profit/loss for the year

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	667,687	0
Change in deferred tax	92,828	(58,000)
Adjustment concerning previous years	0	5,728
	<b>760,515</b>	<b>(52,272)</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	2,303,232
Additions	96,655
<b>Cost end of year</b>	<b>2,399,887</b>
Depreciation and impairment losses beginning of year	(2,105,162)
Depreciation for the year	(65,301)
<b>Depreciation and impairment losses end of year</b>	<b>(2,170,463)</b>
<b>Carrying amount end of year</b>	<b>229,424</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deferred tax DKK</b>
Cost beginning of year	50,000	97,578
Disposals	0	(92,828)
<b>Cost end of year</b>	<b>50,000</b>	<b>4,750</b>
Revaluations beginning of year	2,316,703	0
Share of profit/loss for the year	545,126	0
<b>Revaluations end of year</b>	<b>2,861,829</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2,911,829</b>	<b>4,750</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Scandinavian Fittings & Flanges Ejendomme ApS	Esbjerg	ApS	100

## 8 Other payables

	<b>2022 DKK</b>	<b>2021 DKK</b>
VAT and duties	1,586,964	799,590
Wages and salaries, personal income taxes, social security costs, etc. payable	4,959	113,097
Holiday pay obligation	167,675	152,823
Other costs payable	833,825	270,834
	<b>2,593,423</b>	<b>1,336,344</b>

## 9 Unrecognised rental and lease commitments

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	3,167,893	4,050,000
Of this, liabilities under rental or lease agreements with group enterprises	3,141,364	4,050,000

## 10 Contingent liabilities

The Entity has provided a guarantee regarding the mortgage debt in Scandinavian Fittings & Flanges Ejendomme ApS. The mortgage represent a net value of 4,698,326 DKK on December 31, 2022.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

## 11 Related parties with controlling interest

Related parties with control of Scandinavian Fittings & Flanges ApS consist of the following; Scandinavian Fittings & Flanges Holding AS, Sandnes, Norge holds 100% of the company's contributed capital.

## 12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Scandinavian Fittings & Flanges Holding AS, Sandnes, Norge

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

## Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### **Revenue**

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

### **Other operating income**

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

### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### **Other external expenses**

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

### **Staff costs**

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

### **Depreciation, amortisation and impairment losses**

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

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### **Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

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



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

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

The Entity is jointly taxed with all Danish subsidiaries. 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****Property, plant and equipment**

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

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

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

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

**Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount

The accounting policies applied to material financial statement items of group enterprises are:

Properties are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets: 50 years.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

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

**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

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

**Receivables**

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

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Other financial liabilities**

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