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**ZEALAND CARE A/S**  
**GREVE MAIN 3, 2670 GREVE**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 29 April 2022**

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**Dirigent Jacob Hansen**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 18 99 84 75**

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**COMPANY DETAILS**

**Company** ZEALAND CARE A/S  
Greve Main 3  
2670 Greve

CVR No.: 18 99 84 75  
Established: 22 November 1995  
Municipality: Greve  
Financial Year: 1 January - 31 December

**Board of Directors** Johan H. H. Heller, chairman  
Paul Van Den Wittenboer  
John Naborn

**Executive Board** Jacob Hansen

**Auditor** BDO Statsautoriseret revisionsaktieselskab  
Rabalderstræde 7, 2. sal  
4000 Roskilde

**Translation Disclaimer** The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ZEALAND CARE A/S for the financial year 1 January - 31 December 2021.

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 Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Greve, 29 April 2022

Executive Board

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Jacob Hansen

Board of Directors

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Johan H. H. Heller  
Chairman

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Paul Van Den Wittenboer

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John Naborn

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ZEALAND CARE A/S

### Opinion

We have audited the Financial Statements of ZEALAND CARE A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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.

### Emphasis of matter

We draw attention to the section Accounting Policies in the Financial Statements. Of this section, it is evident that the Company's assets and liabilities are recognised at realisable values which thus deviates from the general provisions of the Danish Financial Statements Act about going concern.

This matter has not given rise to modification to 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 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 judgment and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on Management Commentary**

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Roskilde, 29 April 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Dan R. Petersen  
State Authorised Public Accountant  
MNE no. mne33210

**FINANCIAL HIGHLIGHTS**

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
<b>Income statement</b>					
Gross profit/loss.....	29,305	37,960	27,712	24,777	22,763
Operating profit/loss of main activities...	-28,045	620	-8,836	-11,723	-8,652
Financial income and expenses, net.....	-197	-187	-216	-611	-946
Profit/loss for the year.....	-28,242	433	-9,052	-12,334	-9,598
<b>Balance sheet</b>					
Total assets.....	25,453	74,884	59,202	55,608	51,136
Equity.....	-4,778	23,464	9,031	8,483	3,818
<b>Cash flows</b>					
Cash flows from operating activities.....	-41,766	5,251	-9,563	-9,822	0
Cash flows from investing activities.....	29,535	-15,257	-14,037	-2,954	0
Cash flows from financing activities.....	0	14,000	0	0	0
Total cash flows.....	-12,231	3,994	-23,600	-12,776	0
Investment in property, plant and equipment.....	-169	-6,814	-2	-2,858	-3,908
<b>Average number of full-time employees.....</b>	<b>77</b>	<b>82</b>	<b>88</b>	<b>78</b>	<b>68</b>
<b>Key ratios</b>					
Equity ratio.....	Neg.	31.3	15.3	15.3	7.5
Current ratio.....	-302.3	72.6	80.4	91.2	81.5
Return on equity .....	-302.3	2.7	-103.4	-239.9	-186.7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: 
$$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity: 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

Current ratio: 
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

## MANAGEMENT COMMENTARY

### **Main activities of the company**

The main activities of the company consist of services in assistive technology, including operation and service of own and/or public owned aid equipment, rental and sales of aids, and distribution of health and welfare technology products and solutions.

The activities are primarily targeted municipalities and regions and secondary targeted private consumers via the retail chain Seniorland.

### **Development in activities and financial and economic position**

The owners of Zealand Care have decided to leave the Danish market and consequently the focus of 2021 has been to make sure our employees, customers and suppliers have been handled in a fair and professional way.

In order to ensure a solvent liquidation, the net group loan will during 2022 be converted to equity, which will have a positive equity effect of DKK 14.500.000 and thus more than cover the negative equity in 2021 plus the expected deficit in 2022.

### **Profit/loss for the year compared to the expected development**

The annual result for 2021 is TDKK -28.242 and the balance sheet pr. December 31st 2021 shows equity of TDKK -4.778. The annual figures are the result of the company preparing for a voluntary solvent liquidation.

### **Significant events after the end of the financial year**

The assets, employees and tasks of Zealand Care has been transferred to a §60A company (joint municipality company) and Aarhus Municipality effect April 1st 2022. From April 1st 2022 activities in Zealand Care will only be administrative tasks needed to prepare the company for a voluntary solvent liquidation.

### **Future expectations**

Zealand Care will initiate a voluntary solvent liquidation during May 2022. Kromann Reumert will be appointed liquidator.



**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2021 DKK '000	2020 DKK '000
<b>GROSS PROFIT</b> .....		<b>29,305</b>	<b>37,960</b>
Staff costs.....	1	-33,603	-36,011
Depreciation, amortisation and impairment losses.....		-1,574	-1,329
Other operating expenses.....	2	-22,173	0
<b>OPERATING LOSS</b> .....		<b>-28,045</b>	<b>620</b>
Other financial income.....	3	1,330	1,223
Other financial expenses.....	4	-1,527	-1,410
<b>LOSS BEFORE TAX</b> .....		<b>-28,242</b>	<b>433</b>
Tax on profit/loss for the year.....		0	0
<b>LOSS FOR THE YEAR</b> .....	<b>5</b>	<b>-28,242</b>	<b>433</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK '000	2020 DKK '000
Intangible fixed assets acquired.....		450	1,834
<b>Intangible assets.....</b>	<b>6</b>	<b>450</b>	<b>1,834</b>
Other plant, fixtures and equipment.....		3,301	7,526
<b>Property, plant and equipment.....</b>	<b>7</b>	<b>3,301</b>	<b>7,526</b>
Receivables from group enterprises.....		0	32,423
Rent deposit and other receivables.....		0	383
<b>Financial non-current assets.....</b>	<b>8</b>	<b>0</b>	<b>32,806</b>
<b>NON-CURRENT ASSETS.....</b>		<b>3,751</b>	<b>42,166</b>
Finished goods and goods for resale.....		0	1,131
<b>Inventories.....</b>		<b>0</b>	<b>1,131</b>
Trade receivables.....		16,034	12,575
Other receivables.....		23	965
Prepayments and accrued income.....		295	466
<b>Receivables.....</b>	<b>9</b>	<b>16,352</b>	<b>14,006</b>
<b>Cash and cash equivalents.....</b>		<b>5,350</b>	<b>17,581</b>
<b>CURRENT ASSETS.....</b>		<b>21,702</b>	<b>32,718</b>
<b>ASSETS.....</b>		<b>25,453</b>	<b>74,884</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK '000	2020 DKK '000
Share capital.....	10	25,783	25,783
Retained earnings.....		-30,561	-2,319
<b>EQUITY.....</b>		<b>-4,778</b>	<b>23,464</b>
Other provisions for liabilities.....	11	18,106	3,442
<b>PROVISIONS.....</b>		<b>18,106</b>	<b>3,442</b>
Other liabilities.....		0	3,102
<b>Non-current liabilities.....</b>	12	<b>0</b>	<b>3,102</b>
Trade payables.....		2,527	6,013
Payables to group enterprises.....		2,319	32,665
Other liabilities.....		7,279	6,000
Accruals and deferred income.....	13	0	198
<b>Current liabilities.....</b>		<b>12,125</b>	<b>44,876</b>
<b>LIABILITIES.....</b>		<b>12,125</b>	<b>47,978</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>25,453</b>	<b>74,884</b>
 Contingencies etc.	 14		
Charges and securities	15		
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## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	25,783	-2,319	23,464
Proposed profit allocation according to note 5.....		-28,242	-28,242
<b>Equity at 31 December 2021 .....</b>	<b>25,783</b>	<b>-30,561</b>	<b>-4,778</b>

The share capital comprises 257,783 shares of DKK 100 each.  
All shares rank equally.

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Profit/loss for the year.....	-28,242	433
Depreciation and amortisation, reversed.....	1,463	1,003
Reversed realization gains.....	111	326
Loss on disposal of assets booked as direct cost.....	4,204	835
Change in inventories.....	1,131	653
Change in receivables (ex tax).....	-2,346	2,540
Change in other provisions.....	14,664	-5,808
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-32,751	5,269
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>-41,766</b>	<b>5,251</b>
Purchase of intangible assets.....	0	-1,646
Purchase of property, plant and equipment.....	-169	-6,814
Instalments on non-current lending and current investments.....	-3,102	1,786
Other cash flows from investing activities.....	32,806	-8,583
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>29,535</b>	<b>-15,257</b>
Other cash flows from financing activities.....	0	14,000
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>0</b>	<b>14,000</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-12,231</b>	<b>3,994</b>
Cash and cash equivalents at 1. januar.....	17,581	13,587
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>5,350</b>	<b>17,581</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	5,350	17,581
<b>CASH AND CASH EQUIVALENTS, NET DEBT.....</b>	<b>5,350</b>	<b>17,581</b>

## NOTES

	2021 DKK '000	2020 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	77	82	
Wages and salaries.....	29,652	31,893	
Pensions.....	2,493	2,664	
Social security costs.....	735	718	
Other staff costs.....	723	736	
	<b>33,603</b>	<b>36,011</b>	
With reference to section 98b(3) of the Danish Financial Statements Act, Management remuneration is not disclosed for 2021.			
<b>Other operating expenses</b>			<b>2</b>
Other operating expenses include costs for closing such as impairment on tangible assets at (4,5m.dkk), compensation to contracts, and other closing costs.			
<b>Other financial income</b>			<b>3</b>
Group enterprises.....	1,329	1,214	
Other interest income.....	1	9	
	<b>1,330</b>	<b>1,223</b>	
<b>Other financial expenses</b>			<b>4</b>
Group enterprises.....	1,406	1,345	
Other interest expenses.....	121	65	
	<b>1,527</b>	<b>1,410</b>	
<b>Proposed distribution of profit</b>			<b>5</b>
Retained earnings.....	-28,242	433	
	<b>-28,242</b>	<b>433</b>	
<b>Intangible assets</b>			<b>6</b>
		Intangible fixed assets acquired	
Cost at 1 January 2021.....		3,573	
Disposals.....		-70	
<b>Cost at 31 December 2021.....</b>		<b>3,503</b>	
Amortisation at 1 January 2021.....		1,738	
Impairment losses.....		1,046	
Amortisation for the year.....		269	
<b>Amortisation at 31 December 2021.....</b>		<b>3,053</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>450</b>	

## NOTES

			Note
<b>Property, plant and equipment</b>			<b>7</b>
		Other plant, fixtures and equipment	
Cost at 1 January 2021.....		12,814	
Additions.....		169	
Disposals.....		-89	
<b>Cost at 31 December 2021.....</b>		<b>12,894</b>	
Depreciation and impairment losses at 1 January 2021.....		5,288	
Reversal of depreciation of assets disposed of.....		-10	
Impairment losses.....		3,086	
Depreciation for the year.....		1,229	
<b>Depreciation and impairment losses at 31 December 2021.....</b>		<b>9,593</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>3,301</b>	
 <b>Financial non-current assets</b>			 <b>8</b>
	Receivables from		
	group	Rent deposit and	
	enterprises	other receivables	
Cost at 1 January 2021.....	32,423	383	
Disposals.....	-32,423	-383	
<b>Carrying amount at 31 December 2021.....</b>	<b>0</b>	<b>0</b>	
	<b>2021</b>	<b>2020</b>	
	DKK '000	DKK '000	
 <b>Prepayments and accrued income</b>			 <b>9</b>
Costs.....	295	466	
	<b>295</b>	<b>466</b>	
Prepayments comprise costs incurred in relation to subsequent financial years.			
 <b>Share capital</b>			 <b>10</b>
Allocation of share capital:			
LZG Group B.V., 257,312 unit in the denomination of 100 DKK..	25,731	25,731	
Rotterdamsche Financiering Maatschappij B.V., 516 unit in the denomination of 100 DKK.....	52	52	
	<b>25,783</b>	<b>25,783</b>	
 <b>Other provisions for liabilities (short-term)</b>			 <b>11</b>
0-1 year.....	18,106	3,442	
Other provisions for liabilities include costs for closing (last year restructuring) such as rent in the notice period of closed sites, movement cost, project manager costs, lawyers and disposal of operating equipment.			

## NOTES

					Note
<b>Long-term liabilities</b>					<b>12</b>
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities	
Other liabilities.....	0	0	0	3,102	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,102</b>	
<b>Accruals and deferred income</b>					<b>13</b>
Accruals and deferred income comprise advanced billings to customers.					
<b>Contingencies etc.</b>					<b>14</b>
<b>Contingent liabilities</b>					
The company has entered into rental commitments amounting to DKK ('000) 1,399 at the balance sheet date. The liability amount of DKK 1.399 ('000) has an remaining term of 3 months.					
The company has entered into operating lease agreements for automobiles with an annual lease payment of DKK ('000) 2,252. The total liability amounts to DKK ('000) 358 at 31 December 2021 and has an average residual term of 2 months.					
<b>Charges and securities</b>					<b>15</b>
A registered company charge of a nominal amount of DKK ('000) 100,000 has been provided as collateral for debt to credit institutions at a carrying amount of DKK ('000) 0. Moreover, additional guarantees of DKK ('000) 1,360 have been provided for municipalities, secured by deposit accounts, which are included in cash and cash equivalents.					
<b>Related parties</b>					<b>16</b>
The company's related parties include:					
<b>Controlling interest</b>					
LZG Group B.V. Lange Dreef 12 4131 NH Vianen Holland					
<b>Other related parties having performed transactions with the company</b>					
Related parties comprise also the members of the Executive and Supervisory Boards as well as other companies in the Louwman Group.					
<b>Transactions with related parties</b>					
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.					



**NOTES****Note****Consolidated Financial Statements**

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The company is included in the consolidated financial statements of the ultimate owner Lohomij B.V. The financial statements can be obtained by contacting Zealand Care A/S.

## ACCOUNTING POLICIES

The Annual Report of ZEALAND CARE A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

As a result of the company's decision to enter into liquidation in 2022, it deviates from the basic principle of going concern in the Danish Financial Statements Act, which may affect the recognition and measurement of the company's assets and liabilities.

In order to a solvent liquidation, the equity needs to be restored. The parent company have agreed to do so with a concern contribution in 2022.

## INCOME STATEMENT

### Net revenue

Net revenue from sale or resale and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Income from handling of aids equipment is recognised in the income statement at the amounts relating to the financial year.

### Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

**ACCOUNTING POLICIES**

**BALANCE SHEET**

**Intangible fixed assets**

At the initial recognition, intangible assets are measured at cost.

Software recognised in the balance sheet is measured at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is 5-10 years.

**Tangible fixed assets**

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	2-11 years	0 %
Other plant, fixtures and equipment.....	2-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Fixed asset investments**

**Impairment of fixed assets**

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, is assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the lower amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

**Inventories**

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

## ACCOUNTING POLICIES

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses and when there is an objective indication that a receivable or receivable portfolio has been impaired, a write-down is made on an individual basis.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Other provisions for liabilities

Other provisions for liabilities include the expected cost of restructuring, termination of leases, premises, etc. Provisions are measured at net realisable value or fair value. If in terms of time the performance of the obligation is expected to be far in the future, the obligation is measured at fair value.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of short-term liabilities corresponds usually to the nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

## ACCOUNTING POLICIES

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.