# *GSGroup Esbjerg ApS*

Skagerrakvej 1, DK-6715 Esbjerg N

# Annual Report for 1 January - 31 December 2019

CVR No 19 67 05 46

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 5 /5 2020

Espen Virik Ranvik
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board has today considered and adopted the Annual Report of GSGroup Esbjerg ApS for the financial year 1 January - 31 December 2019.

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 December 2019 of the Company and of the results of the Company operations for 2019.

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

Esbjerg, 5 May 2020

**Executive Board**

| | |
|---|---|
| Dorthe Lendal Kisum<br>CEO | Espen Virik Ranvik<br>Executive Officer |

# Independent Auditor's Report

To the Shareholder of GSGroup Esbjerg ApS

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

We have audited the Financial Statements of GSGroup Esbjerg ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet 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 misstate-

ment, 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 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.

Esbjerg, 5 May 2020
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Jannick Kjersgaard<br>statsautoriseret revisor<br>mne29440 | Steffen Kaj Pedersen<br>statsautoriseret revisor<br>mne34357 |

# Company Information

| | |
|---|---|
| **The Company** | GSGroup Esbjerg ApS<br>Skagerrakvej 1<br>DK-6715 Esbjerg N<br><br>CVR No: 19 67 05 46<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Esbjerg |
| **Executive Board** | Dorthe Lendal Kisum<br>Espen Virik Ranvik |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Esbjerg Brygge 28<br>DK-6700 Esbjerg |

# Management’s Review

## Key activities

The company's purpose is development, production, sales, etc. of electronics and related business.

## Development in the year

The income statement of the Company for 2019 shows a profit of DKK 4,756,933, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 13,413,736.

Management considers the financial results for 2019 satisfactory.

## Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company’s customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company’s revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

# Income Statement 1 January - 31 December

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | DKK | DKK |
| **Gross profit/loss** | | **20,439,507** | **19,882,453** |
| Staff expenses | 2 | -13,767,051 | -17,183,888 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -488,244 | -396,520 |
| **Profit/loss before financial income and expenses** | | **6,184,212** | **2,302,045** |
| Financial income | | 108,211 | 20,000 |
| Financial expenses | 3 | -193,574 | -262,109 |
| **Profit/loss before tax** | | **6,098,849** | **2,059,936** |
| Tax on profit/loss for the year | 4 | -1,341,916 | -456,766 |
| **Net profit/loss for the year** | | **4,756,933** | **1,603,170** |

# Distribution of profit

**Proposed distribution of profit**

| | | |
|---|---|---|
| Retained earnings | 4,756,933 | 1,603,170 |
| | **4,756,933** | **1,603,170** |

# Balance Sheet 31 December

## Assets

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | DKK | DKK |
| Completed development projects | | 25,954 | 0 |
| Acquired patents | | 1,307,474 | 1,490,159 |
| Development projects in progress | | 844,139 | 0 |
| **Intangible assets** | 5 | **2,177,567** | **1,490,159** |
| Plant and machinery | | 0 | 5,960 |
| Other fixtures and fittings, tools and equipment | | 186,689 | 461,255 |
| **Property, plant and equipment** | 6 | **186,689** | **467,215** |
| Deposits | | 297,652 | 288,903 |
| **Fixed asset investments** | | **297,652** | **288,903** |
| **Fixed assets** | | **2,661,908** | **2,246,277** |
| Raw materials and consumables | | 6,070,013 | 4,356,010 |
| Finished goods and goods for resale | | 928,009 | 1,533,717 |
| Prepayments for goods | | 0 | 1,101,627 |
| **Inventories** | | **6,998,022** | **6,991,354** |
| Trade receivables | | 6,799,816 | 3,127,445 |
| Receivables from group enterprises | | 277,554 | 595,891 |
| Other receivables | | 83,447 | 118,519 |
| Deferred tax asset | 8 | 0 | 19,000 |
| Corporation tax receivable from group enterprises | | 0 | 227,960 |
| Prepayments | | 844,291 | 905,674 |
| **Receivables** | | **8,005,108** | **4,994,489** |
| **Cash at bank and in hand** | | **6,435,340** | **7,540,302** |
| **Currents assets** | | **21,438,470** | **19,526,145** |
| **Assets** | | **24,100,378** | **21,772,422** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | DKK | DKK |
| Share capital | | 572,000 | 572,000 |
| Reserve for development costs | | 678,673 | 0 |
| Retained earnings | | 12,163,063 | 8,084,807 |
| **Equity** | 7 | **13,413,736** | **8,656,807** |
| Provision for deferred tax | 8 | 155,500 | 0 |
| **Provisions** | | **155,500** | **0** |
| Other payables | | 513,075 | 0 |
| **Long-term debt** | 9 | **513,075** | **0** |
| Credit institutions | | 0 | 1,113 |
| Trade payables | | 1,518,947 | 1,308,621 |
| Payables to group enterprises | | 765,098 | 1,432,279 |
| Corporation tax | | 939,456 | 0 |
| Other payables | 9 | 4,850,853 | 10,373,602 |
| Deferred income | | 1,943,713 | 0 |
| **Short-term debt** | | **10,018,067** | **13,115,615** |
| **Debt** | | **10,531,142** | **13,115,615** |
| **Liabilities and equity** | | **24,100,378** | **21,772,422** |
| Subsequent events | 1 | | |
| Contingent assets, liabilities and other financial obligations | 10 | | |
| Accounting Policies | 11 | | |

# Notes to the Financial Statements

## 1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company’s customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company’s revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

| | 2019 | 2018 |
|---|---|---|
| | DKK | DKK |

## 2 Staff expenses

| | 2019 | 2018 |
|---|---|---|
| Wages and salaries | 12,059,964 | 15,898,099 |
| Pensions | 822,261 | 543,832 |
| Other social security expenses | 337,852 | 321,488 |
| Other staff expenses | 546,974 | 420,469 |
| | **13,767,051** | **17,183,888** |
| **Average number of employees** | **29** | **28** |

## 3 Financial expenses

| | 2019 | 2018 |
|---|---|---|
| Interest paid to group enterprises | 0 | 50,223 |
| Other financial expenses | 109,032 | 132,615 |
| Exchange loss | 84,542 | 79,271 |
| | **193,574** | **262,109** |

## 4 Tax on profit/loss for the year

| | 2019 | 2018 |
|---|---|---|
| Current tax for the year | 939,456 | 392,766 |
| Deferred tax for the year | 174,500 | 64,000 |
| Adjustment of deferred tax concerning previous years | 227,960 | 0 |
| | **1,341,916** | **456,766** |

# Notes to the Financial Statements

## 5 Intangible assets

| | Completed development projects | Acquired patents | Development projects in progress |
|---|---|---|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 0 | 1,609,516 | 0 |
| Additions for the year | 28,355 | 103,770 | 844,139 |
| Cost at 31 December | 28,355 | 1,713,286 | 844,139 |
| Impairment losses and amortisation at 1 January | 0 | 119,357 | 0 |
| Amortisation for the year | 2,401 | 286,455 | 0 |
| Impairment losses and amortisation at 31 December | 2,401 | 405,812 | 0 |
| **Carrying amount at 31 December** | **25,954** | **1,307,474** | **844,139** |
| Amortised over | | 5 years | 5 years |

GSGroup Esbjerg ApS has in cooperation with a client concluded on a corporate approach to implement an end-to-end solution on temperature monitoring control and tracking on specific refrigerators and cooling boxes. Based on this cooperation GSGroup Esbjerg ApS has started developing a new product for this use and wishes to let the client purchase the products as part of their future product line.

# Notes to the Financial Statements

## 6 Property, plant and equipment

| | Plant and machinery | Other fixtures and fittings, tools and equipment |
|---|---|---|
| | DKK | DKK |
| Cost at 1 January | 51,090 | 2,458,892 |
| Additions for the year | 0 | 48,868 |
| Disposals for the year | 0 | -443,216 |
| Cost at 31 December | 51,090 | 2,064,544 |
| Impairment losses and depreciation at 1 January | 45,127 | 1,997,638 |
| Depreciation for the year | 5,963 | 197,750 |
| Reversal of impairment and depreciation of sold assets | 0 | -317,533 |
| Impairment losses and depreciation at 31 December | 51,090 | 1,877,855 |
| **Carrying amount at 31 December** | **0** | **186,689** |
| Depreciated over | 5 years | 3-5 years |

## 7 Equity

| | Share capital | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 572,000 | 0 | 8,084,803 | 8,656,803 |
| Development costs for the year | 0 | 678,673 | -678,673 | 0 |
| Net profit/loss for the year | 0 | 0 | 4,756,933 | 4,756,933 |
| **Equity at 31 December** | **572,000** | **678,673** | **12,163,063** | **13,413,736** |

# Notes to the Financial Statements

## 8 Provision for deferred tax

| | 2019<br>DKK | 2018<br>DKK |
|---|---|---|
| Intangible assets | 206,500 | 24,300 |
| Property, plant and equipment | -51,000 | -37,800 |
| Trade receivables | 0 | -5,500 |
| Transferred to deferred tax asset | 0 | 19,000 |
| | **155,500** | **0** |

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

**Deferred tax asset**

| | | |
|---|---|---|
| Calculated tax asset | 0 | 19,000 |
| **Carrying amount** | **0** | **19,000** |

## 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

**Other payables**

| | | |
|---|---|---|
| Between 1 and 5 years | 513,075 | 0 |
| Long-term part | 513,075 | 0 |
| Other short-term payables | 4,850,853 | 10,373,602 |
| | **5,363,928** | **10,373,602** |

## 10 Contingent assets, liabilities and other financial obligations

**Rental and lease obligations**

Lease obligations under operating leases. Total future lease payments:

| | | |
|---|---|---|
| Within 1 year | 197,000 | 82,000 |
| Between 1 and 5 years | 280,000 | 144,000 |
| | **477,000** | **226,000** |

| | | |
|---|---|---|
| Rental obligations, term of notice is 6-78 months | 6,492,000 | 414,000 |

# Notes to the Financial Statements

## 10 Contingent assets, liabilities and other financial obligations (continued)

**Other contingent liabilities**

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 by the Group amounts to TDKK 939. 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.

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of GSGroup Esbjerg ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

### 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

### Leases

All 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.

# Notes to the Financial Statements

**11 Accounting Policies** (continued)

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.

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

**Expenses for raw materials and consumables**

Expenses for raw materials and consumables includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

**Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, 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, change in inventories of finished goods, work in progress and goods for resale, expenses for raw materials and consumables 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.

# Notes to the Financial Statements

**11 Accounting Policies** (continued)

### 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/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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Balance Sheet

### Intangible assets

***Development projects, patents and licences***

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licenses are amortised over the

# Notes to the Financial Statements

**11 Accounting Policies** (continued)

license period; however not exceeding 5 years.

**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:

| | | |
|---|---|---|
| Plant and machinery | 5 | years |
| Other fixtures and fittings, tools and equipment | 3-5 | years |

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

**Fixed asset investments**

Fixed asset investments consist of deposits.

**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

# Notes to the Financial Statements

**11 Accounting Policies** (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

**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 insurance premiums, subscriptions and sales value of active tracking untis.

**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 deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

**11 Accounting Policies** (continued)

### 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.