# KAO Denmark A/S
## Lyngbyvej 2, 2100 København

## Company reg. no. 19 73 30 33

## Annual report

## 1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 25 - 05 - 2023


Anders Andreassen

Anders Andreassen
Chairman of the meeting

# Contents



Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of KAO Denmark A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 25 May 2023

**Managing Director**

DocuSigned by:
Anders Andreassen
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Anders Andreassen
Chief Executive Officer

**Board of directors**

| | | |
|---|---|---|
| DocuSigned by: Heiko Maile A7B626496707412... | DocuSigned by: Dominic Pratt 0BC07E6072A04F6... | DocuSigned by: Anders Andreassen 9ED51F3A712C444... |
| Heiko Michael Maile<br>Chairman | Dominic Martin Pratt | Anders Andreassen |

# Independent auditor's report

**To the Shareholder of KAO Denmark A/S**

**Opinion**

We have audited the financial statements of KAO Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 (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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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:

- 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.

# Independent auditor's report

**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 Financial Statements Act.

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

Copenhagen, 25 May 2023

**Deloitte**
Statsautoriseret
Revisionspartnerselskab
reg. no. 33 96 35 56

DocuSigned by:
Jan Larsen
D5BDFD2A4BE04EC...
Jan Larsen
State Authorised Public
Accountant mne16541

# Company information

| | | |
|---|---|---|
| **The company** | KAO Denmark A/S<br>Lyngbyvej 2<br>2100 København Ø | |
| | Company reg. no. | 19 73 30 33 |
| | Established: | 19 December 1996 |
| | Domicile: | Copenhagen |
| | Financial year: | 1 January 2022 - 31 December 2022 |

| | |
|---|---|
| **Board of directors** | Heiko Michael Maile, Chairman<br>Dominic Martin Pratt<br>Anders Andreassen |
| **Managing Director** | Anders Andreassen, Chief Executive Officer |
| **Auditors** | Deloitte |

# Management's Review

### The principal activities of the company

The main object of the Entity is to sell and distribute hair and skin products, accessories and appliances of any kind to hairdressers as well as any related business.

### Development in activities and financial matters

The gross profit for the year totals DKK 15,390,736 against DKK 15,363,071 last year. Income or loss from ordinary activities after tax totals DKK 546,253 against DKK 651,940 last year. Management considers the net profit or loss for the year satisfactory.

### Events subsequent to the financial year

No events subsequent to the financial year to this date, which would influence the evaluation of this annual report.

## Income statement 1 January - 31 December

All amounts in DKK.

| | Note | 2022 | 2021 |
|---|---|---|---|
| **Gross Profit** | | **15,390,736** | **15,363,071** |
| Staff Costs | 1 | (14,464,236) | (14,066,296) |
| Depreciation and impairment of property, land and equipment | 2 | (401,584) | (634,454) |
| **Operating Profit** | | **524,917** | **662,321** |
| **Other financial income** | | 242,592 | 241,690 |
| Other financial costs | 3 | (67,242) | (68,071) |
| **Pre-tax net profit or loss** | | **700,267** | **835,940** |
| Tax on net profit or loss for the year | 4 | (154,014) | (184,000) |
| **Net profit or loss for the year** | | **546,253** | **651,940** |

**Proposed appropriation of net profit:**

| | | |
|---|---|---|
| Dividend for the financial year | 2,020,000 | 1,100,000 |
| Transferred to retained earnings | 0 | 0 |
| Allocated from retained earnings | (1,473,747) | (448,060) |
| **Total allocations and transfers** | **546,253** | **651,940** |

## Balance sheet at 31 December

All amounts in DKK.

| Assets | Note | 2022 | 2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Other fixtures and fittings, tools and equipment | 6 | 339,948 | 476,163 |
| Leasehold improvements | 7 | 3 | 132,471 |
| Total property, plant and equipment | | 339,951 | 608,634 |
| Deposits | 8 | 728,385 | 604,841 |
| Total investments | | 728,385 | 604,841 |
| **Total non-current assets** | | **1,068,336** | **1,213,475** |
| **Current assets** | | | |
| Trade receivables | | 2,366,805 | 2,021,698 |
| Receivables from group enterprises | | 8,509,588 | 5,713,455 |
| Deferred tax assets | | 127,000 | 102,000 |
| Prepayments and accrued income | | 83,305 | 63,161 |
| Total receivables | | 11,086,698 | 7,900,314 |
| Cash on hand and demand deposits | | 6,209,969 | 7,731,045 |
| **Total current assets** | | **17,296,667** | **15,631,359** |
| **Total assets** | | **18,365,003** | **16,844,834** |

## Balance sheet at 31 December

All amounts in DKK.

| **Equity and liabilities** | **Note** | **2022** | **2021** |
|---|---|---|---|
| **Equity** | | | |
| Contributed capital | 9 | 5,000,000 | 5,000,000 |
| Retained earnings | | 3,790,049 | 5,263,796 |
| Proposed dividend for the financial year | | 2,020,000 | 1,100,000 |
| **Total equity** | | **10,810,049** | **11,363,796** |
| | | | |
| **Liabilities other than provisions** | | | |
| Trade payables | | 592,873 | 678,813 |
| Payables to group enterprises | | 3,573,987 | 1,594,648 |
| Income tax payable | | 179,014 | 168,000 |
| Other payables | | 3,209,080 | 3,039,577 |
| **Total short term liabilities other than provisions** | | **7,554,954** | **5,481,038** |
| | | | |
| **Total equity and liabilities** | | **18,365,003** | **16,844,834** |

| | |
|---|---|
| **Contingencies** | **10** |
| **Related parties** | **11** |

## Statement of changes in equity

All amounts in DKK.

| | | Contributed Capital | Retained Earnings | Proposed dividend for the year | Total |
|---|---|---|---|---|---|
| Equity | January 1, 2021 | 5,000,000 | 5,711,856 | 0 | 10,711,856 |
| Profit/Loss for the year | | 0 | (448,060) | 1,100,000 | 651,940 |
| Equity | January 1, 2022 | 5,000,000 | 5,263,796 | 1,100,000 | 11,363,796 |
| Ordinary Dividend Paid | | 0 | (1,100,000) | 0 | (1,100,000) |
| Profit/Loss for the year | | 0 | (1,473,747) | 2,020,000 | 546,253 |
| | | **5,000,000** | **2,690,049** | **3,120,000** | **10,810,049** |

# Notes

All amounts in DKK.

| | | 2022 | 2021 |
|---|---|---|---|
| 1 | **Staff Costs** | | |
| | Salaries and wages | 12,963,139 | 12,598,846 |
| | Pension Costs | 1,261,858 | 1,187,835 |
| | Other costs for Social security | 239,239 | 279,615 |
| | | **14,464,236** | **14,066,296** |
| | Average number of employees | 20 | 24 |
| 2 | **Depreciation and impairment of property, land and equipment** | | |
| | Depreciation of leasehold improvements | 132,467 | 287,027 |
| | Depreciation of other fixtures and fittings, tools and equipment | 269,117 | 347,427 |
| | | **401,584** | **634,454** |
| 3 | **Other Financial costs** | | |
| | Financial costs, group enterprises | 0 | 2,380 |
| | Other financial costs | 67,242 | 65,691 |
| | | **67,242** | **68,071** |
| 4 | **Tax on net profit or loss for the year** | | |
| | Tax on net profit or loss for the year | 179,014 | 237,000 |
| | Adjustment of deferred tax for the year | (25,000) | (53,000) |
| | | **154,014** | **184,000** |

All amounts in DKK.

| | | | 2022 | 2021 |
|---|---|---|---|---|
| 6 | **Other fixtures and fittings, tools and equipment** | | | |
| | Cost | January 1, 2022 | 2,181,383 | 2,130,323 |
| | Additions during the year | | 132,902 | 59,712 |
| | Disposals during the year | | (301,245) | (8,651) |
| | **Cost** | **December 31, 2022** | **2,013,040** | **2,181,383** |
| | Amortization and writedown | January 1, 2022 | (1,705,220) | (1,360,533) |
| | Amortisation and depreciation for the year | | (269,117) | (347,427) |
| | Reversal of depreciation, amortisation and impairment loss, assets disposed of | | 301,245 | 2,740 |
| | Amortization and writedown | **December 31, 2022** | **(1,673,092)** | **(1,705,220)** |
| | **Carrying amount** | **December 31, 2022** | **339,948** | **476,163** |

| | | | | |
|---|---|---|---|---|
| 7 | **Leasehold improvements** | | | |
| | Cost | January 1, 2022 | 662,338 | 1,987,138 |
| | Disposals during the year | | | (1,324,800) |
| | **Cost** | **December 31, 2022** | **662,338** | **662,338** |
| | Depreciation and writedown | January 1, 2022 | (529,867) | (927,320) |
| | Amortisation and depreciation for the year | | (132,467) | (287,027) |
| | Reversal of depreciation, amortisation and impairment loss, assets disposed of | | 0 | 684,480 |
| | Amortization and writedown | **December 31, 2022** | **(662,335)** | **(529,867)** |
| | **Carrying amount** | **December 31, 2022** | **3** | **132,471** |

All amounts in DKK.

| | | | 2022 | 2021 |
|---|---|---|---|---|
| **8** | **Deposits** | | | |
| | Cost | January 1, 2022 | 604,841 | 913,591 |
| | Addition | | 123,544 | (308,750) |
| | Cost | December 31, 2022 | **728,385** | **604,841** |
| | Carrying amount | December 31, 2022 | 728,385 | 604,841 |

| | | 2022 | 2021 |
|---|---|---|---|
| **9** | **Contributed capital** | | |
| | Aktie a 1, nominal value | 2,750,000 | 2,750,000 |
| | Aktie a 1, nominal value | 1,125,000 | 1,125,000 |
| | Aktie a 1, nominal value | 575,000 | 575,000 |
| | Aktie a 1, nominal value | 550,000 | 550,000 |
| | | 5,000,000 | 5,000,000 |

The share capital consist of 4 shares. The shares have not been divided into classes. The share capital remained unchanged in the past five financial years.

**10. Contingencies**

**Contingent liabilities**

The Entity has entered into a 11-year office rental liabilities agreement in 2016. The rental commitment for the rest 5 years amounts to DKK 4.819 thousand.

The Entity’s operating lease commitments amounts to DKK 2.029 thousand.

**11. Related parties**

**Consolidated financial statements**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
- KAO Corporation, Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
- KAO Germany GmbH, Germany

## Accounting policies

The annual report for KAO Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

**Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

## Income statement

**Gross profit**
Referring to special competitive considerations only gross profit or loss is shown in the income statement as an aggregation of revenue, cost of raw materials and consumables and other external expenses, see section 32 of the Danish financial Statements Act.

The enterprise will be applying IFRS15 ass its basis of interpretation for the recognition of revenue. This standard replaced IAS 11 and IAS 18 in 2018 for the entity.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year.

Other operating income comprises accounting items of a secondary nature as regards the principal activities of the enterprise, including lease income from temporary production facilities leased out.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

**Staff costs**
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

**Depreciation, amortisation, and writedown for impairment**
Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

**Other operating costs**
Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise.

## Accounting policies

**Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

**Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

### Statement of financial position

**Intangible assets**

**Property, plant, and equipment**

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 5 years | 0 % |

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement.

**Leasehold improvements**
Leasehold improvements are measured at cost less accrued depreciation. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

**Leases**
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Investments**

**Deposits**
Deposits are measured at amortised cost and represent lease deposits, etc.

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

**Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

**Equity**

**Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity.

**Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

**Accruals and deferred income**
Payments received concerning future income are recognised under accruals and deferred income.