



## Copenhagen Economics A/S

Langebrogade 1  
1411 Copenhagen  
CVR No. 25262441

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 17.03.2022

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**Mads Hyre-Dybbro**

Chairman of the General Meeting

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# Entity details

## Entity

Copenhagen Economics A/S

Langebrogade 1

1411 Copenhagen

Business Registration No.: 25262441

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Claas Hendrik Fügemann, Chairman

Claus Kastberg Nielsen

Claus Kastberg Nielsen

Henrik Ballebye Okholm

Helge Sigurd Næss-Schmidt

Christian Jervelund

Asger Lunde

## Executive Board

Henrik Ballebye Okholm, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Copenhagen Economics A/S for the financial year 01.01.2021 - 31.12.2021.

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 Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

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

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

Copenhagen, 10.03.2022

## Executive Board

**Henrik Ballebye Okholm**  
Chief Executive Officer

## Board of Directors

**Claas Hendrik Fügemann**  
Chairman

**Claus Kastberg Nielsen**

**Claus Kastberg Nielsen**

**Henrik Ballebye Okholm**

**Helge Sigurd Næss-Schmidt**

**Christian Jervelund**

**Asger Lunde**

# Independent auditor's report

## To the shareholders of Copenhagen Economics A/S

### Opinion

We have audited the financial statements of Copenhagen Economics A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary**

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 the management commentary.

Copenhagen, 10.03.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jens Jørgensen Baes**

State-Authorised Public Accountant  
Identification No (MNE) mne14956

**Christina Nilsson**

State-Authorised Public Accountant  
Identification No (MNE) mne44182

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Gross profit/loss	95,664	85,616	81,446	76,062	72,105
Operating profit/loss	20,178	14,438	9,516	7,395	8,387
Net financials	(532)	(2,184)	(414)	269	(189)
Profit/loss for the year	15,644	11,379	7,404	4,363	5,949
Total assets	68,378	63,942	59,973	48,984	43,819
Investments in property, plant and equipment	1,272	1,017	1,708	764	1,241
Equity	26,790	22,621	28,420	21,015	20,282
Average number of employees	81	78	79	76	75
<b>Ratios</b>					
Return on equity (%)	63.32	44.59	29.95	21.13	31.61
Equity ratio (%)	39.18	35.38	47.39	42.90	46.29

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets



### Primary activities

Copenhagen Economics' primary activity is the preparation of specialised business and socioeconomic analyses and related consulting services for major enterprises, public institutions, and international organisations all over the world. The consulting services are offered within competition, trade and regulation, and with a main focus on sectors such as energy, finance, postal, transport, and healthcare.

### Development in activities and finances

The Company's income statement for 2021 shows a profit of DKK 15,644 thousand, and the balance sheet shows an equity of DKK 26,790 thousand at 31 December 2021.

### Profit/loss for the year in relation to expected developments

Profit for 2021 is estimated to be better than expected. This is especially because of a significant increase in demand, despite the continuing uncertainty about the impact of COVID-19. The increase in demand is driven by strong sales effort and an increased focus on markets outside Denmark. At the same time, it has been possible to keep costs at a level which ensures a very satisfactory development of overall profitability.

To support further growth in 2022, the Company employed additional consultants in the last quarter of 2021 who will focus on growth areas within healthcare and competition.

### Uncertainty relating to recognition and measurement

Recognition and measurement of work in progress are subject to some degree of uncertainty, as the recognition and measurement are based on estimations.

### Unusual circumstances affecting recognition and measurement

No unusual events have occurred that affect the Company's recognition and measurement.

### Outlook

The Company's gross profit for the coming financial year is expected to increase between 5% and 10%. Due to investments in additional consultants and further strengthening of the Company's IT infrastructure and processes, the Company's result are expected to grow between 3% and 6%.

### Knowledge resources

Copenhagen Economics' foundation is based on expertise and competencies within Economics. The Company continuously works to brand itself to attract the best talents and offer its employees an attractive career path.

### Environmental performance

The Company's activities are considered not to have a negative impact on the environment.

### Foreign branches

Copenhagen Economics' activities are run from the main office in Copenhagen and from three foreign branches in Stockholm, Brussels and Helsinki.

### Events after the balance sheet date

No events have occurred after the balance sheet date up until this date which would influence the evaluation of the annual report.

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>95,664,214</b>	<b>85,616,474</b>
Staff costs	1	(74,481,471)	(69,840,656)
Depreciation, amortisation and impairment losses	2	(1,004,885)	(1,337,568)
<b>Operating profit/loss</b>		<b>20,177,858</b>	<b>14,438,250</b>
Other financial income		36	42
Other financial expenses		(531,630)	(2,183,687)
<b>Profit/loss before tax</b>		<b>19,646,264</b>	<b>12,254,605</b>
Tax on profit/loss for the year	3	(4,001,874)	(875,966)
<b>Profit/loss for the year</b>	4	<b>15,644,390</b>	<b>11,378,639</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		1,094,057	564,994
Leasehold improvements		1,232,527	1,510,870
<b>Property, plant and equipment</b>	5	<b>2,326,584</b>	<b>2,075,864</b>
Deposits		1,287,258	1,483,170
<b>Financial assets</b>	6	<b>1,287,258</b>	<b>1,483,170</b>
<b>Fixed assets</b>		<b>3,613,842</b>	<b>3,559,034</b>
Trade receivables		24,137,441	26,608,644
Contract work in progress	7	17,318,010	13,064,560
Deferred tax	8	92,000	138,500
Other receivables		307,265	898,935
Tax receivable		0	1,092,005
Prepayments	9	1,496,020	870,392
<b>Receivables</b>		<b>43,350,736</b>	<b>42,673,036</b>
<b>Cash</b>		<b>21,413,378</b>	<b>17,709,811</b>
<b>Current assets</b>		<b>64,764,114</b>	<b>60,382,847</b>
<b>Assets</b>		<b>68,377,956</b>	<b>63,941,881</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital	10	750,000	750,000
Retained earnings		14,240,400	10,571,462
Proposed dividend		11,800,000	11,300,000
<b>Equity</b>		<b>26,790,400</b>	<b>22,621,462</b>
Subordinate loan capital		0	10,500,000
Other payables		0	2,863,283
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>13,363,283</b>
Subordinate loan capital	11	10,920,000	0
Prepayments received from customers		0	1,191,304
Contract work in progress	7	6,078,258	2,640,357
Trade payables		1,891,800	2,199,410
Tax payable		1,133,341	0
Other payables		21,564,157	21,926,065
<b>Current liabilities other than provisions</b>		<b>41,587,556</b>	<b>27,957,136</b>
<b>Liabilities other than provisions</b>		<b>41,587,556</b>	<b>41,320,419</b>
<b>Equity and liabilities</b>		<b>68,377,956</b>	<b>63,941,881</b>
Unrecognised rental and lease commitments	13		
Transactions with related parties	14		

# Statement of changes in equity for 2021

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	750,000	10,571,462	11,300,000	22,621,462
Ordinary dividend paid	0	0	(11,300,000)	(11,300,000)
Exchange rate adjustments	0	(175,452)	0	(175,452)
Profit/loss for the year	0	3,844,390	11,800,000	15,644,390
<b>Equity end of year</b>	<b>750,000</b>	<b>14,240,400</b>	<b>11,800,000</b>	<b>26,790,400</b>

# Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		20,177,858	14,438,250
Amortisation, depreciation and impairment losses		1,004,885	1,370,678
Working capital changes	12	(3,049,050)	8,467,460
<b>Cash flow from ordinary operating activities</b>		<b>18,133,693</b>	<b>24,276,388</b>
Financial income received		36	42
Financial expenses paid		(531,630)	(2,183,687)
Taxes refunded/(paid)		(1,942,630)	(2,090,000)
<b>Cash flows from operating activities</b>		<b>15,659,469</b>	<b>20,002,743</b>
Acquisition etc of property, plant and equipment		(1,271,814)	(1,016,809)
Sale of property, plant and equipment		0	35,700
Additions deposits		(15,070)	(174,949)
Disposals deposits		210,982	0
<b>Cash flows from investing activities</b>		<b>(1,075,902)</b>	<b>(1,156,058)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>14,583,567</b>	<b>18,846,685</b>
Loans raised		420,000	10,500,000
Dividend paid		(11,300,000)	(17,400,000)
<b>Cash flows from financing activities</b>		<b>(10,880,000)</b>	<b>(6,900,000)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>3,703,567</b>	<b>11,946,685</b>
Cash and cash equivalents beginning of year		17,709,811	5,763,126
<b>Cash and cash equivalents end of year</b>		<b>21,413,378</b>	<b>17,709,811</b>
Cash and cash equivalents at year-end are composed of:			
Cash		21,413,378	17,709,811
<b>Cash and cash equivalents end of year</b>		<b>21,413,378</b>	<b>17,709,811</b>

# Notes

## 1 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	64,362,617	58,896,644
Pension costs	1,614,247	1,428,441
Other social security costs	4,579,857	4,759,838
Other staff costs	3,924,750	4,755,733
	<b>74,481,471</b>	<b>69,840,656</b>
Average number of full-time employees	81	78

Pursuant to section 98b(3)(2) of the Danish Financial Statement Act, the Company has omitted to disclose Management's remuneration.

## 2 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	1,002,393	1,370,678
Profit/loss from sale of intangible assets and property, plant and equipment	2,492	(33,110)
	<b>1,004,885</b>	<b>1,337,568</b>

## 3 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	3,955,374	1,000,466
Change in deferred tax	46,500	(124,500)
	<b>4,001,874</b>	<b>875,966</b>

Due to the Company's structure with foreign branches in Stockholm, Brussels and Helsinki the tax on profit can fluctuate from year to year.

## 4 Proposed distribution of profit and loss

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	11,800,000	11,300,000
Retained earnings	3,844,390	78,639
	<b>15,644,390</b>	<b>11,378,639</b>

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,707,505	4,645,903
Exchange rate adjustments	(10,730)	(13,987)
Transfers	(93,139)	93,139
Additions	855,195	416,619
Disposals	0	(27,012)
<b>Cost end of year</b>	<b>5,458,831</b>	<b>5,114,662</b>
Depreciation and impairment losses beginning of year	(4,142,511)	(3,135,033)
Exchange rate adjustments	6,177	2,306
Transfers	263,913	(263,913)
Depreciation for the year	(492,353)	(510,040)
Reversal regarding disposals	0	24,545
<b>Depreciation and impairment losses end of year</b>	<b>(4,364,774)</b>	<b>(3,882,135)</b>
<b>Carrying amount end of year</b>	<b>1,094,057</b>	<b>1,232,527</b>

## 6 Financial assets

	Deposits DKK
Cost beginning of year	1,483,170
Additions	15,070
Disposals	(210,982)
<b>Cost end of year</b>	<b>1,287,258</b>
<b>Carrying amount end of year</b>	<b>1,287,258</b>

## 7 Contract work in progress

	2021 DKK	2020 DKK
Contract work in progress	36,530,373	24,618,706
Progress billings regarding contract work in progress	(25,290,621)	(14,194,503)
Transferred to liabilities other than provisions	6,078,258	2,640,357
	<b>17,318,010</b>	<b>13,064,560</b>



## 8 Deferred tax

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Property, plant and equipment	92,000	138,500
<b>Deferred tax</b>	<b>92,000</b>	<b>138,500</b>
<b>Changes during the year</b>	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Beginning of year	138,500	14,000
Recognised in the income statement	(46,500)	124,500
<b>End of year</b>	<b>92,000</b>	<b>138,500</b>

Deferred tax relates to temporary differences between the carrying amount and tax-based value of assets and liabilities.

## 9 Prepayments

Prepayments comprise incurred costs such as rent, insurance premiums and other costs relating to the next financial year.

## 10 Share capital

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
Ordinary shares	750,000	1	750,000
	<b>750,000</b>		<b>750,000</b>

## 11 Subordinate loan capital

The Company's shareholders have provided subordinate loan capital to the Company. The Shareholders has decided to repay the loan in 2022. The loan interest is calculated at 4% per annum.

## 12 Changes in working capital

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in receivables	(1,816,205)	5,086,334
Increase/decrease in trade payables etc	(1,286,205)	3,471,381
Other changes	53,360	(90,255)
	<b>(3,049,050)</b>	<b>8,467,460</b>

## 13 Unrecognised rental and lease commitments

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	5,124,500	5,838,700

The Company's unrecognised rental and lease agreements mainly comprise the rental in Denmark, Sweden, Belgium and Finland. The part of the total rental commitment, which falls due within a year, amounts to DKK 2,456,700 (2020: DKK 2,968,200).

#### **14 Transactions with related parties**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

### Revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Cost of sales

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

### Other external expenses

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

### Staff costs

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

### Depreciation, amortisation and impairment losses

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

### Other financial income

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

### Other financial expenses

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

### Tax on profit/loss for the year

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

## Balance sheet

### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

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

### Receivables

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

### Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

### Deferred tax

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

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

**Tax payable or receivable**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

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

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.