

Moment A/S

Vester Farimagsgade 15 5., 1606 København V

CVR no. 25 32 89 49

**Annual report for the period
1 January to 31 December 2020**

Adopted at the annual general meeting on 8 February
2021

Søren Jørgensen
chairman



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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Moment A/S for the financial year 1 January - 31 December 2020.

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 company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 31 January 2021

Executive board

Morten Thune Højberg
CEO

Thomas Gleerup

Supervisory board

Søren Jørgensen
chairman

Christina Wiese Stage

Thomas Gleerup

Independent auditor's report

To the shareholder of Moment A/S

Opinion

We have audited the financial statements of Moment A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 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' 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.

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 the 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.

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 2 February 2021

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Morten Schwensen
statsautoriseret revisor
MNE no. mne32172

Company details

Moment A/S
Vester Farimagsgade 15 5.
1606 København V

CVR-no. 25 32 89 49

Financial year: 1 January - 31 December 2020

Domicile: Copenhagen

Supervisory Board
Søren Jørgensen, chairman
Christina Wiese Stage
Thomas Gleerup

Executive Board
Morten Thune Højberg, CEO
Thomas Gleerup

Auditors
Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards Vej 1, 1.
2500 Valby

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	586.084	333.636	292.977	278.131	279.681
Gross profit	74.841	49.180	48.455	43.219	49.580
Profit/loss before net financials	33.116	10.831	9.426	2.999	7.336
Net financials	-4.828	-1.150	435	-38	3
Profit/loss for the year	20.608	7.531	8.461	2.277	5.709
Balance sheet total	157.867	69.893	58.087	48.262	54.631
Investment in property, plant and equipment	21	-935	-157	-223	-92
Equity	30.947	17.752	17.138	11.641	16.275
Number of employees	1.190	734	654	650	656
Financial ratios					
Gross margin	12,8%	14,7%	16,5%	15,5%	17,7%
Solvency ratio	19,6%	25,4%	29,5%	24,1%	29,8%
Return on equity	84,6%	43,2%	58,8%	16,3%	0,1%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Where the accounting policies have been changed, the comparatives for 2016 onwards have been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Primary activities

Moment A/S is a leading temp agency in Denmark.

The Company has existed since 1997 and has nationwide reach from the head office in Copenhagen.

Development in activities and finances

2020 profit is heavily influenced by covid-19.

November 2020 Moment bought the staffing agency Protemp A/S from Johnny Bergsted and thereby entered the market for temporary workers in the construction industry. Johnny Bergsted shall continue as CEO in the company.

Late 2020 Moment also founded Learny ApS, that sells restudy tutors via an online solution.

Year-end trade receivables are relatively higher than previous year-end and during the year 2020 due to seasonality in sales and the corona related activities.

The new holiday law has had a positive impact on the Company's cash balance as a result of the change in time of taxation. In addition, it has resulted in long-term debt, which the Company plans to retain and manage.

Financial performance for the year

The profit for the year of DKK 21 million is considered satisfactory. The Company's activities have increased more than expected a year ago. The expected negative hit from covid-19 was offset by demands from existing customers experiencing increased activities due to covid-19 and increased demand from the SKI contract.

Uncertainty in recognition and measurement

Main salary and invoicing cyclus is from the 20th in one month to the 19th in the next month, hence sales and related expenses for the last 11 days in December has been accounted for using timesheets for the period and an estimated share of monthly allowances based on historic gross margins.

Outlook

Covid-19 related customer activities are expected to effect first half of 2021 and when the society returns to pre-pandemic conditions, we expect that revenue we lost due to the pandemic shall recover. Profit 2021 is expected to be in the range of DKK 25 to 35 million including new activities.

Management's review

Intellectual capital resources

The Company is a member of UN Global Compact, hence submit an annual report to the organization. An important goal for the company is to have a high employee satisfaction score. Annual measurements are made that are supported by absence statistics and the statutory workplace assessment.

The Company is a member of Dansk Erhverv Arbejdsgiver and Dansk Industri, hence subject to collective agreements entered into between the employer and employee organizations.

The Company is a member of the industry association Vikarbureauernes brancheforening (VB). Moments CEO is chairman of the association, which ensures that its members meet the ethical guidelines and complies with applicable law and covenants through a continuous check of the members by an external auditor. VB works to ensure orderly conditions for flexible workers.

In 2020 the Company entered "Pant-for-pant", a local project in Copenhagen supporting homeless citizens in having a job.

Environmental performance

The Company's environmental impact is primarily sought to be minimized in connection with electricity consumption, the purchase of office furniture, PCs and the recycling of the waste paper.

Anti-corruption and bribery

The Company has a policy for receiving gifts, anti-corruption and bribery and the employees undertake not to receive return commissions or other forms of consideration linked to a transaction from customers, suppliers or other business associates.

Management's review

Research and development activities in or for the company

The Temporary staffing industry is cyclical, as the industry works with offering flexible staffing solutions. Basically, the temporary staffing industry have favourable terms when changes occur in the business sector. Many companies find it attractive to use temporary staffing in uncertain times, when permanent employment is not an option, however, at times with shortage of staff and market growth it can be attractive to cooperate with a temporary staffing agency. As a rule, the temporary staffing industry works well in both the ups and downs of the business sector. In certain extraordinary occasions in history, we have witnessed the temporary staffing industry being hit hard temporarily, if the entire business sector suddenly stops, as was the case during the financial crisis in 2008 and again today with the Corona pandemic. In such situation, many companies choose to use their right to quickly terminate their agreements with the temporary staffing agencies causing the temporary staffing agency to lose revenue. The other way around, when the business sector needs to employ staff, revenue increases in the temporary staffing industry, as it is efficient for the user entities to recruit the right resources through the temporary staffing agencies.

Management of Moment closely monitors the financial development following the Corona pandemic so that the company can adjust its performance and expenses according to the market situation. Hence Moment has deliberately focused on having customers in the lower end of the cyclical scale.

The Company is using a NPS tool to measure and follow up on customers and temps.

In 2020 the Company's GDPR environment was reviewed by external consultants. We strive to protect personal data in our care with respect, hence the GDPR rules are a daily part of our environment.

Events after the balance sheet date

February 2021 the Danish private equity fund Axcel bought the Company and Teamvikaren/Personalebørsen. In 2021 consolidation of the companies shall take place. Teamvikaren/Personalebørsens main activities are within construction, transportation, production and warehousing and are based heavily in Jutland.

At the same time, the subsidiary Netgen ApS is sold to Bright Minds ApS. Netgen shall continue as subcontractor to Moment on IT temporary staffing.

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

Income statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue		586.084	333.636
Other operating income		4.916	381
Cost of sales		-501.749	-272.323
Other external costs		-14.410	-12.514
Gross profit		74.841	49.180
Staff costs	1	-40.018	-37.077
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.707	-1.272
Profit/loss before net financials		33.116	10.831
Income from investments in subsidiaries		-4.528	0
Financial income	3	93	6
Financial costs	4	-393	-1.156
Profit/loss before tax		28.288	9.681
Tax on profit/loss for the year	5	-7.680	-2.150
Profit/loss for the year		20.608	7.531
Distribution of profit	6		

Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
Assets			
Acquired intangible assets		883	785
Completed development projects		2.598	2.150
Goodwill		77	183
Development projects in progress		0	266
Intangible assets	7	3.558	3.384
Other fixtures and fittings, tools and equipment		693	1.024
Leasehold improvements		18	119
Tangible assets	8	711	1.143
Investments in subsidiaries	9	24.759	40
Deposits	10	9	59
Fixed asset investments		24.768	99
Total non-current assets		29.037	4.626
Trade receivables		127.817	63.650
Receivables from subsidiaries		233	419
Other receivables		170	427
Deferred tax asset	12	0	48
Prepayments	11	475	699
Receivables		128.695	65.243
Cash at bank and in hand		135	24
Total current assets		128.830	65.267
Total assets		157.867	69.893

Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
Equity and liabilities			
Share capital		764	764
Reserve for development expenditure		2.026	1.884
Retained earnings		28.157	15.104
Equity		30.947	17.752
Provision for deferred tax	12	569	435
Other provisions	13	47	83
Total provisions		616	518
Holiday pay obligation		39.670	11.209
Total non-current liabilities	14	39.670	11.209
Banks		0	2.699
Trade payables		6.931	4.088
Corporation tax		704	0
Other payables		78.953	33.303
Deferred income	15	46	324
Total current liabilities		86.634	40.414
Total liabilities		126.304	51.623
Total equity and liabilities		157.867	69.893
Rent and lease liabilities	16		
Contingent liabilities	17		
Related parties and ownership structure	18		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Proposed extraordinary dividend	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	764	1.884	15.102	0	17.750
Ordinary dividend paid	0	0	0	-7.500	-7.500
Ordinary dividend on treasury shares	0	0	89	0	89
Addition for the year	0	142	0	0	142
Net profit/loss for the year	0	0	12.966	7.500	20.466
Equity at 31 December	764	2.026	28.157	0	30.947

The share capital consists of 7,642,765 shares at DKK 0.10. The shares have not been divided into classes. The Company holds 90,447 (1.1834%) treasury shares at a nominal value of DKK 9,045.

Notes

	2020 TDKK	2019 TDKK
1 Staff costs		
Wages and salaries	38.726	35.278
Pensions	1.962	2.206
Other social security costs	391	510
Other staff costs	-1.061	-917
	40.018	37.077
Including remuneration to the Executive and Supervisory Boards		
Executive Board	4.975	4.335
Supervisory Board	4.536	200
	9.511	4.535
Average number of employees	1.190	734
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	1.239	959
Depreciation tangible assets	468	313
	1.707	1.272
3 Financial income		
Interest received from subsidiaries	70	0
Other financial income	23	6
	93	6

Notes

	2020 TDKK	2019 TDKK	
4 Financial costs			
Other financial costs	393	196	
Fair value adjustments	0	960	
	393	1.156	
5 Tax on profit/loss for the year			
Current tax for the year	7.539	2.274	
Deferred tax for the year	135	-124	
Adjustment of tax concerning previous years	6	0	
	7.680	2.150	
6 Distribution of profit			
Extraordinary dividend for the year	7.500	0	
Transferred to reserve for development expenditure	142	0	
Retained earnings	12.966	7.531	
	20.608	7.531	
7 Intangible assets			
	Acquired intangible assets TDKK	Completed development projects TDKK	Goodwill TDKK
Cost at 1 January	1.096	3.673	856
Additions for the year	353	1.061	0
Cost at 31 December	1.449	4.734	856
Impairment losses and amortisation at 1 January	311	1.257	674
Depreciation for the year	255	879	105
Impairment losses and amortisation at 31 December	566	2.136	779
Carrying amount at 31 December	883	2.598	77

Notes

8 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	2.089	1.670
Additions for the year	37	0
Disposals for the year	-16	0
Cost at 31 December	<u>2.110</u>	<u>1.670</u>
Impairment losses and depreciation at 1 January	1.066	1.551
Depreciation for the year	367	101
Reversal of impairment and depreciation of sold assets	-16	0
Impairment losses and depreciation at 31 December	<u>1.417</u>	<u>1.652</u>
Carrying amount at 31 December	<u>693</u>	<u>18</u>

Notes

	2020	2019
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 January	40	40
Additions for the year	26.070	0
Cost at 31 December	26.110	40
Revaluations at 1 January	0	0
Depreciation of goodwill	-425	0
Reevaluation goodwill	-346	0
Result, subsidiaries	-3.755	0
Equity investments with negative net asset value amortised over receivables	3.175	0
Revaluations at 31 December	-1.351	0
Carrying amount at 31 December	24.759	40

This includes goodwill of T.DKK

24.759

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Protemp A/S	Fredericia	100%
Netgen ApS	København	100%
Learnly ApS	København	100%

Notes

10 Fixed asset investments

	Deposits TDKK
Cost at 1 January	59
Disposals for the year	-50
Cost at 31 December	9
Impairment losses at 1 January	0
Impairment losses at 31 December	0
Carrying amount at 31 December	9

11 Prepayments

Prepayments comprise prepaid expenses regarding licenses and subscriptions.

Notes

	2020	2019
	TDKK	TDKK
12 Provision for deferred tax		
Provision for deferred tax at 1 January	569	435
Provision for deferred tax at 31 December	569	435
Provisions for deferred tax on:		
Intangible assets	598	500
Property, plant and equipment	-25	11
Current asset investments	0	48
Tax loss carry-forward	-4	0
Transferred to deferred tax asset	0	48
	569	435
Deferred tax asset		
Calculated tax asset	0	48
Carrying amount	0	48

13 Other provisions

Other provisions comprises of received deposit regarding subrental of premises.

14 Long term debt

	Debt at 1 January	Debt at 31 December	Instalment next year	Debt outstanding after 5 years
	TDKK	TDKK	TDKK	TDKK
Holiday pay obligation	11.209	39.670	0	0
	11.209	39.670	0	0

Notes

15 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

2020	2019
TDKK	TDKK

16 Rent and lease liabilities

Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity in total	5.660	3.299
	5.660	3.299

The Company's bank has provided a guarantee of DKK 1,535 thousand to the Company's rental commitment.

17 Contingent liabilities

The company is jointly taxed with its parent company, Bright Minds ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2020 onwards as well as for payment of withholding taxes on dividends, interest and royalties.

18 Related parties and ownership structure

Controlling interest

Bright Minds ApS

Protemp A/S

Netgen ApS

Learnly ApS

Notes

18 Related parties and ownership structure (Fortsat)

Transactions

Administration and management fee. The fee is calculated based on market terms.
Intercompany loans. Interest calculation on market market terms.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Bright Minds ApS

Juhler Holding A/S

Consolidated financial statements

The company is reflected in the group report for the parent company Bright Minds ApS

Accounting policies

The annual report of Moment A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C , as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see §86(4) of the Danish Financial Statements Act.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

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.

Cost of sales

Cost of sales include expenses related to temporary staff costs.

Accounting policies

Staff costs

Staff costs include non temporary wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be longer up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights etc

Intellectual property rights are measured at cost less accumulated amortisation. Software is amortised straight-line over its estimated useful life which is five years.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

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

Accounting policies

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities (equity method), calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Goodwill on consolidation is amortised over the expected useful economic life based on management's experience from each individual business segment. Goodwill on consolidation is amortised on a straight-line basis over the amortisation period, which is 5-20 years. The amortisation period is fixed based on the assessment that the strategically acquired entities have a strong market position and a long-term earnings profile.

Receivables

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

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years. Prepayments are measured at cost.

Provisions

Provisions comprise expected expenses relating to lease and the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years. Prepayments are measured at cost.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, end of year} \times 100}{\text{Total liabilities, end of year}}$
Return on equity	$\frac{\text{Profit/loss for analysis purposes} \times 100}{\text{Average equity excl. non-controlling interests}}$
Profit/loss for analysis purposes	Profit/loss from ordinary operations after tax minus non-controlling interests' portion hereof