



## Sedgwick Leif Hansen A/S

Lautrupvang 8  
2750 Ballerup  
CVR No. 26694280

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 21.06.2022

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**Dan Terkildsen**

Chairman of the General Meeting

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# Entity details

## Entity

Sedgwick Leif Hansen A/S

Lautrupvang 8

2750 Ballerup

Business Registration No.: 26694280

Registered office: Ballerup

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Dan Terkildsen

Stewart Craig Steel

Geert Bjørn Hansen

## Executive Board

Christian Leif Hansen

## 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 Sedgwick Leif Hansen 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 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.

Ballerup, 21.06.2022

## Executive Board

**Christian Leif Hansen**

## Board of Directors

**Dan Terkildsen**

**Stewart Craig Steel**

**Geert Bjørn Hansen**

# Independent auditor's report

## To the shareholders of Sedgwick Leif Hansen A/S

### Opinion

We have audited the financial statements of Sedgwick Leif Hansen A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity 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 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.

København, 21.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Jens Sejer Pedersen**

State Authorised Public Accountant

Identification No (MNE) mne14986

# 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	94,933	81,066	63,182	51,066	49,852
Operating profit/loss	13,654	9,885	9,182	5,633	4,784
Net financials	(271)	(400)	(253)	(283)	(627)
Profit/loss for the year	10,322	7,321	6,931	4,302	3,061
Total assets	55,538	51,932	44,802	36,908	39,085
Investments in property, plant and equipment	1,214	604	99	107	50
Equity	13,588	13,227	10,765	8,134	6,133
<b>Ratios</b>					
Return on equity (%)	76.99	61.03	73.35	60.31	49.91
Equity ratio (%)	24.47	25.47	24.03	22.04	15.69

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

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### **Primary activities**

We provide loss adjustment, claims management and risk solutions to insurers, brokers and risk managers. Furthermore we perform independent building examination and laboratory analyzes for advice on the condition of buildings and on the repair of damage to buildings.

In 2021 the sister company Goritas A/S, company registration no. 28 11 42 57 has been merged with Sedgwick Leif Hansen A/S. The merger are recognized after the Uniting of Interest Method. Consequently Goritas A/S are recognized with effect from the 1 January 2020 and comparative figures are adjusted.

As at 1 January 2021 Sedgwick Leif Hansen A/S acquired the remaining 50% of the share in the former associated company Oriel ApS. At acquisition, a revaluation of the existing share where performed. Value adjustment are recognized on the equity at acquisition. Oriel ApS has been merged with Sedgwick Leif Hansen A/S with effect from acquisition.

### **Development in activities and finances**

The Company realized a profit after tax of DKK 10,322 thousand. The Company's balance sheet shows total assets of TDKK 55,538 and equity of TDKK 13,588.

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

The actual figures for 2021 regarding net revenue and EBITDA lived up to the expectations in the budget for 2021.

That goes for Sedgwick Leif Hansen as well as Goritas.

**Outlook**

We expect to continue the growth in 2022 and expect to land a net revenue which is at least 15 % higher than the level for 2021, and we expect the growth to be profitable.

**Knowledge resources**

In 2021 we have had the knowledge resources needed, and we expect to be able to attract the necessary resources to handle the expected growth.

**Environmental performance**

At Sedgwick Leif Hansen sustainability is at the core of what we do as every claim we deal with has an environmental impact. We have pledged to work diligently in reducing our carbon footprint and helping our customers achieve their sustainability ambitions.

**Research and development activities**

The company is constantly aware of developments in the market and try to adjust our services to meet the markets expectations at any time.

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>94,932,864</b>	<b>81,065,938</b>
Staff costs	1	(80,007,774)	(68,643,053)
Depreciation, amortisation and impairment losses	2	(1,271,395)	(2,537,518)
<b>Operating profit/loss</b>		<b>13,653,695</b>	<b>9,885,367</b>
Other financial income		45	2,945
Other financial expenses		(270,884)	(402,624)
<b>Profit/loss before tax</b>		<b>13,382,856</b>	<b>9,485,688</b>
Tax on profit/loss for the year	3	(3,061,254)	(2,165,002)
<b>Profit/loss for the year</b>	4	<b>10,321,602</b>	<b>7,320,686</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		1,494,720	1,085,639
Goodwill		274,462	457,426
<b>Intangible assets</b>	5	<b>1,769,182</b>	<b>1,543,065</b>
Other fixtures and fittings, tools and equipment		1,396,760	887,033
Leasehold improvements		0	2,520
<b>Property, plant and equipment</b>	6	<b>1,396,760</b>	<b>889,553</b>
Investments in associates		0	25,000
Other investments		18,470	18,470
Deposits		1,535,169	1,313,915
<b>Financial assets</b>	7	<b>1,553,639</b>	<b>1,357,385</b>
<b>Fixed assets</b>		<b>4,719,581</b>	<b>3,790,003</b>
Trade receivables		20,686,363	17,964,579
Contract work in progress		13,910,480	10,811,340
Receivables from group enterprises		4,137,162	4,682,664
Other receivables	8	6,500,382	4,150,038
Prepayments	9	1,628,697	1,095,407
<b>Receivables</b>		<b>46,863,084</b>	<b>38,704,028</b>
<b>Cash</b>		<b>3,955,583</b>	<b>9,437,852</b>
<b>Current assets</b>		<b>50,818,667</b>	<b>48,141,880</b>
<b>Assets</b>		<b>55,538,248</b>	<b>51,931,883</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital	10	550,000	500,000
Retained earnings		38,038	2,727,417
Proposed dividend		13,000,000	10,000,000
<b>Equity</b>		<b>13,588,038</b>	<b>13,227,417</b>
Deferred tax	11	5,812,769	3,948,972
<b>Provisions</b>		<b>5,812,769</b>	<b>3,948,972</b>
Other payables		7,303,874	7,018,727
<b>Non-current liabilities other than provisions</b>	12	<b>7,303,874</b>	<b>7,018,727</b>
Bank loans		10,024,856	6,690,613
Contract work in progress		172,143	14,701
Trade payables		3,488,413	2,376,584
Payables to group enterprises		102,838	0
Joint taxation contribution payable		1,197,429	801,890
Other payables		13,847,888	17,852,979
<b>Current liabilities other than provisions</b>		<b>28,833,567</b>	<b>27,736,767</b>
<b>Liabilities other than provisions</b>		<b>36,137,441</b>	<b>34,755,494</b>
<b>Equity and liabilities</b>		<b>55,538,248</b>	<b>51,931,883</b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Group relations	16		

# 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	500,000	2,727,417	10,000,000	13,227,417
Effect of mergers and business combinations	50,000	(10,981)	0	39,019
Ordinary dividend paid	0	0	(10,000,000)	(10,000,000)
Profit/loss for the year	0	(2,678,398)	13,000,000	10,321,602
<b>Equity end of year</b>	<b>550,000</b>	<b>38,038</b>	<b>13,000,000</b>	<b>13,588,038</b>

# Notes

## 1 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	77,168,570	66,401,256
Pension costs	2,019,359	1,816,691
Other social security costs	819,845	425,106
	<b>80,007,774</b>	<b>68,643,053</b>
Average number of full-time employees	<b>104</b>	<b>96</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	821,133	2,285,796
Depreciation of property, plant and equipment	490,262	251,722
Profit/loss from sale of intangible assets and property, plant and equipment	(40,000)	0
	<b>1,271,395</b>	<b>2,537,518</b>

## 3 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	1,197,457	1,541,890
Change in deferred tax	1,863,797	625,061
Adjustment concerning previous years	0	(1,949)
	<b>3,061,254</b>	<b>2,165,002</b>

## 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	13,000,000	10,000,000
Retained earnings	(2,678,398)	(2,679,314)
	<b>10,321,602</b>	<b>7,320,686</b>

## 5 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	3,355,132	8,111,645
Additions	1,047,250	0
<b>Cost end of year</b>	<b>4,402,382</b>	<b>8,111,645</b>
Amortisation and impairment losses beginning of year	(2,269,493)	(7,654,219)
Amortisation for the year	(638,169)	(182,964)
<b>Amortisation and impairment losses end of year</b>	<b>(2,907,662)</b>	<b>(7,837,183)</b>
<b>Carrying amount end of year</b>	<b>1,494,720</b>	<b>274,462</b>

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	6,056,677	610,904
Additions	1,213,537	0
Disposals	(305,860)	0
<b>Cost end of year</b>	<b>6,964,354</b>	<b>610,904</b>
Depreciation and impairment losses beginning of year	(5,169,644)	(608,384)
Depreciation for the year	(487,742)	(2,520)
Reversal regarding disposals	89,792	0
<b>Depreciation and impairment losses end of year</b>	<b>(5,567,594)</b>	<b>(610,904)</b>
<b>Carrying amount end of year</b>	<b>1,396,760</b>	<b>0</b>

## 7 Financial assets

	Investments in associates DKK	Other investments DKK	Deposits DKK
Cost beginning of year	25,000	18,470	1,313,915
Additions	1	0	221,254
Disposals	(25,001)	0	0
<b>Cost end of year</b>	<b>0</b>	<b>18,470</b>	<b>1,535,169</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>18,470</b>	<b>1,535,169</b>



## 8 Other receivables

	<b>2021DKK</b>	<b>2020 DKK</b>
Other receivables	6,500,382	4,150,038
	<b>6,500,382</b>	<b>4,150,038</b>

Other receivables relate to third-party administration activity.

## 9 Prepayments

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

## 10 Share capital

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
Ordinary shares	550	1.000	550,000
	<b>550</b>		<b>550,000</b>

## 11 Deferred tax

	<b>2021 DKK</b>	<b>2020 DKK</b>
Intangible assets	128,924	59,801
Property, plant and equipment	2,428	(134)
Receivables	5,681,417	3,889,305
<b>Deferred tax</b>	<b>5,812,769</b>	<b>3,948,972</b>

<b>Changes during the year</b>	<b>2021 DKK</b>
Beginning of year	3,948,972
Recognised in the income statement	1,863,797
<b>End of year</b>	<b>5,812,769</b>

## 12 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2021 DKK</b>
Other payables	7,303,874
	<b>7,303,874</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	15,917,493	17,062,346

### 14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where ALH Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 15 Assets charged and collateral

The company has provided surety for Leif Hansen Gruppen ApS and Leif Hansen Bygherrerådgivning to Danske Bank.

The Company has provided intangible assets, other fixtures and fitting, tools and equipment, trade receivables, other receivables and prepayments as security for a maximum of DKK 5.000.

The book value of security amounts DKK 28.676.411.

### 16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
ALH Holding ApS, Lautrupvang 8, 2750 Ballerup.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
ALH Holding ApS, Lautrupvang 8, 2750 Ballerup.

# 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.

In 2021 the sister company Goritas A/S, company registration no. 28 11 42 57 has been merged with Sedgwick Leif Hansen A/S. The merger are recognized after the Uniting of Interest Method. Consequently Goritas A/S are recognized with effect from the 1 January 2020 and comparative figures are adjusted.

As at 1 January 2021 Sedgwick Leif Hansen A/S acquired the remaining 50% of the share in the former associated company Oriel ApS. At acquisition, a revaluation of the existing share where performed. Value adjustment are recognized on the equity at acquisition. Oriel ApS has been merged with Sedgwick Leif Hansen A/S with effect from acquisition.

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Business combinations

Merger of companies under common control are recognized after the Uniting of Interest Method.

In 2021 the sister company Goritas A/S, company registration no. 28 11 42 57 has been merged with Sedgwick Leif Hansen A/S. Goritas A/S and Sedgwick Leif Hansen A/S at the merger under common control and the merger are recognized after the Uniting of Interest Method. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in

accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

The modified uniting-of-interests method is applied to vertical mergers. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are recognised in the consolidated financial statements of the parent forming part of the merger. Vertical mergers are recognised at the merger date without restatement of comparative figures.

As at 1 January 2021 Sedgwick Leif Hansen A/S acquired the remaining 50% of the share in the former associated company Oriel ApS. At acquisition, a revaluation of the existing share was performed. Value adjustments are recognised on the equity at acquisition. Oriel ApS has been merged with Sedgwick Leif Hansen A/S with effect from 1 January 2021.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, work in progress, other operating income 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.

### **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**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### **Other financial income**

Other financial income comprises dividends, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies 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 losses on transactions in foreign currencies, as well as tax surcharge under the Danish Tax Prepayment Scheme.

**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****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. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

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

**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

### **Investments in associates**

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

### **Other investments**

Other investments are measured at cost.

### **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 in 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.

### **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.

**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.

**Other financial liabilities**

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash flow statement**

According to the exemption provisions of section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared