



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Copenhagen Contractors A/S

Sankt Annæ Plads 11, 1, 1250 København K

Company reg. no. 29 51 92 26

Annual report

1 January - 31 December 2020

The annual report has been submitted and approved by the general meeting on the 20 September 2021.

Jeppe Handwerk
Chairman of the meeting



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Notes:

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



Management's report

Today, the board of directors and the managing director have presented the annual report of Copenhagen Contractors A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 13 September 2021

Managing Director

Jeppe Handwerk

Board of directors

Jeppe Handwerk

Meta Birgitte Zachau Handwerk

Casper Moltke-Leth



Independent auditor's report

To the shareholder of Copenhagen Contractors A/S

Opinion

We have audited the financial statements of Copenhagen Contractors A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities and cash flows 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.



Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 13 September 2021

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant
mne33765



Company information

The company

Copenhagen Contractors A/S
Sankt Annæ Plads 11, 1
1250 København K

Company reg. no. 29 51 92 26
Established: 26 April 2006
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Jeppe Handwerk
Meta Birgitte Zachau Handwerk
Casper Moltke-Leth

Managing Director

Jeppe Handwerk

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Copenhagen Group A/S



Financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Gross profit	12.345	180	-227	-437	8.272
Profit from operating activities	9.094	-490	-896	-966	3.063
Net financials	-548	-18	13	-57	507
Net profit or loss for the year	6.666	-400	-376	-333	3.575
Statement of financial position:					
Balance sheet total	76.156	4.635	4.462	5.080	5.251
Investments in property, plant and equipment	0	0	23	3.350	0
Equity	10.456	3.791	4.190	4.567	4.900
Cash flows:					
Operating activities	-15.300	38	11	-130	5.505
Investing activities	0	0	-23	-3.350	0
Financing activities	19.971	0	0	3.475	-5.676
Total cash flows	4.671	38	-12	-6	-171
Employees:					
Average number of full-time employees	3	0	0	0	12
Key figures in %:					
Solvency ratio	13,7	81,8	93,9	89,9	93,3
Return on equity	93,6	-10,0	-8,6	-7,0	35,4

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management commentary

The principal activities of the company

Copenhagen Contractors A/S manages projects and contracts awarded through direct tendering for the supply of products and services to international organisations, national governments and agencies.

Copenhagen Contractors A/S specialises in the provision of camp support services, military hangars and shelters, container systems and solutions, wash-down and disinfection services, body armour and ballistic helmets, unmanned aerial systems (UAS) and counter-UAS technology.

Furthermore, in October 2020, Copenhagen Contractors A/S registered the trade name Copenhagen Medical A/S under its legal umbrella with the purpose to start providing medical equipment and services to support the fight against the COVID-19 pandemic.

Development in activities and financial matters

In 2020, revenue was primarily generated from the sales of testing kits (hardware) and COVID-19 testing services supporting the fight against the COVID-19 pandemic, targeting both companies and private citizens. Copenhagen Contractors A/S was requested by the Danish State to assist with testing services to combat the corona pandemic towards the end of 2020. COVID-19 testing services generated the majority of the revenue, comprising both PCR, Antibody and Antigen (“Quick”) testing.

COVID-19 testing services were provided from 2 testing centers based in Copenhagen in 2020 – Bella Center and Parken. Bella Center was inaugurated in the beginning of November 2020 and testing services in Parken were initiated during the last two weeks of December 2020. While there were no employees in Copenhagen Contractors A/S in the beginning of 2020, 34 full-time employees were registered by the end of 2020 with many more to follow in 2021.

In addition to the sales of medical equipment and services, Copenhagen Contractors A/S continued to provide services under the wash-down and disinfection services framework contract with the Danish Defense in 2020.

Despite incurring marketing and tendering costs and simultaneously investing in services within the cyber security field, the financial year 2020 produced a DKK 9 million profit from operating activities, primarily due to revenue generated from test kits and testing services provided in the fight against the COVID-19 pandemic.

With a net profit of DKK 6.7 million for 2020, total equity ultimo 2020 amounted to DKK 10.5 million, which translated into an equity share/solvency ratio of 13.7%, which is significantly lower compared to 81.8% in 2019. The deterioration in solvency ratio can be explained by the need to finance operational activities on a significant scale towards the end of 2020.



Management commentary

Special risks

Proper management of risks is extremely important to us since our corporate set-up and customer database do not lend us much room for manoeuvring with respect to social acceptability and financial credibility.

The birth of Copenhagen Medical A/S in 2020 resulted in an additional dimension to Risk Management in Copenhagen Contractors A/S. Relevant policies and guidelines were established, implemented and monitored to manage risks related to medical products and the testing services at both public testing locations and in connection with private company agreements. Furthermore, a QA Manager was employed to monitor KPIs related to risks and compliance on an ongoing basis across all areas related to medical equipment and related services.

Before bidding for a new potential contract, we conduct an internal assessment of the customer and scope of work to ensure it meets our obligations to UN Global Compact to which we are a long-standing signatory. Our suppliers undergo the same level of scrutiny, with respect to ISO 9001 on quality, ISO 14001 on environment and OHSAS 18001/ISO 45001 on occupational health and safety.

To hedge our financial risks, we aim to quote customers in the same currency as that quoted to us by our suppliers. Our business transactions are, for the most part, also restricted to DKK, EUR and USD; hence, the biggest risk relates to fluctuations in the USD exchange rate towards EUR and DKK.

The vast majority of our contracts continue to be with stable national governments and reputable international Organisations. Consequently, a loss on debtors or a long delay in payments by a customer is rarely a problem for us.

Expected developments

With the birth of Copenhagen Medical A/S in 2020 a new line of business was introduced with the import of medical equipment and provision of diagnostic services. This poses both new requirements to our internal processes and organizational set-up as well as new exciting prospects to diversify our business going forward.

Although it will take significant time and effort to consolidate and develop the new businesses areas of Copenhagen Medical A/S under the umbrella of Copenhagen Contractors A/S, we are optimistic about the prospects of this business unit given the current political climate in light of the pandemic, the growth in health care related services overall, and the proven agility of our approach and ability to deliver the requested services on short notice so far.

We expect to continue to offer our wash-down and disinfection services to the Danish Defence in the years to come. Furthermore, with the constant threat of terrorist attacks worldwide, we continue to foresee a big market for UAS and especially counter-UAS technology in Denmark and overseas.



Management commentary

Events occurring after the end of the financial year

No events have occurred subsequent to the end of the fiscal year 2020, which could be of significant detriment to the Copenhagen Contractors A/S' financial position.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	12.345.151	180.022
1 Staff costs	-2.581.773	0
2 Depreciation and impairment of property, land, and equipment	-669.624	-669.631
Operating profit	9.093.754	-489.609
Other financial income from group enterprises	55.273	19.137
3 Other financial costs	-602.983	-37.233
Pre-tax net profit or loss	8.546.044	-507.705
4 Tax on net profit or loss for the year	-1.880.128	107.945
Net profit or loss for the year	6.665.916	-399.760
Proposed appropriation of net profit:		
Transferred to retained earnings	6.665.916	0
Allocated from retained earnings	0	-399.760
Total allocations and transfers	6.665.916	-399.760



Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
5 Plant and machinery	0	0
6 Other fixtures and fittings, tools and equipment	837.035	1.506.659
Total property, plant, and equipment	837.035	1.506.659
Total non-current assets	837.035	1.506.659
Current assets		
Manufactured goods and goods for resale	45.463.444	0
Prepayments for goods	29.424	0
Total inventories	45.492.868	0
Trade receivables	15.650.752	1.374.375
Receivables from group enterprises	7.001.152	0
7 Deferred tax assets	59.100	225.212
Income tax receivables	0	754.710
Other receivables	1.056.129	748.324
Prepayments and accrued income	1.500.000	0
Total receivables	25.267.133	3.102.621
Cash on hand and demand deposits	4.559.304	25.409
Total current assets	75.319.305	3.128.030
Total assets	76.156.340	4.634.689



Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
8	Contributed capital	2.000.000	2.000.000
	Retained earnings	8.456.429	1.790.513
	Total equity	10.456.429	3.790.513
Liabilities other than provisions			
	Bank loans	19.970.823	0
	Prepayments received from customers	1.519.308	0
	Trade payables	7.894.636	180.301
	Payables to group enterprises	0	663.875
	Income tax payable to group enterprises	1.714.016	0
	Other payables	34.601.128	0
	Total short term liabilities other than provisions	65.699.911	844.176
	Total liabilities other than provisions	65.699.911	844.176
	Total equity and liabilities	76.156.340	4.634.689
9	Charges and security		
10	Contingencies		
11	Related parties		



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	2.000.000	2.190.273	4.190.273
Retained earnings for the year	0	-399.760	-399.760
Equity 1 January 2020	2.000.000	1.790.513	3.790.513
Retained earnings for the year	0	6.665.916	6.665.916
	2.000.000	8.456.429	10.456.429



Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net profit or loss for the year	6.665.916	-399.760
12 Adjustments	3.097.462	579.782
13 Change in working capital	-25.407.307	-219.770
Cash flows from operating activities before net financials	-15.643.929	-39.748
Interest received, etc.	55.274	19.136
Interest paid, etc.	-466.084	-16.194
Cash flows from ordinary activities	-16.054.739	-36.806
Income tax paid	754.710	75.108
Cash flows from operating activities	-15.300.029	38.302
Available funds	19.970.823	0
Cash flows from investment activities	19.970.823	0
Change in cash and cash equivalents	4.670.794	38.302
Cash and cash equivalents at 1 January 2020	25.409	8.146
Foreign currency translation adjustments (cash and cash equivalents)	-136.899	-21.039
Cash and cash equivalents at 31 December 2020	4.559.304	25.409
Cash and cash equivalents		
Cash on hand and demand deposits	4.559.304	25.409
Cash and cash equivalents at 31 December 2020	4.559.304	25.409



Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff costs		
Salaries and wages	2.204.316	0
Other costs for social security	27.458	0
Other staff costs	349.999	0
	<u>2.581.773</u>	<u>0</u>
Executive board and board of directors	<u>625.000</u>	<u>504.000</u>
Average number of employees	<u>3</u>	<u>0</u>
Board fee is paid from parent company.		
2. Depreciation and impairment of property, land, and equipment		
Depreciation of other fixtures and fittings, tools and equipment	<u>669.624</u>	<u>669.631</u>
	<u>669.624</u>	<u>669.631</u>
3. Other financial costs		
Financial costs, group enterprises	0	13.404
Other financial costs	<u>602.983</u>	<u>23.829</u>
	<u>602.983</u>	<u>37.233</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	1.714.016	-754.710
Adjustment of deferred tax for the year	<u>166.112</u>	<u>646.765</u>
	<u>1.880.128</u>	<u>-107.945</u>



Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
5. Plant and machinery		
Cost 1 January 2020	2.227.329	2.227.329
Cost 31 December 2020	<u>2.227.329</u>	<u>2.227.329</u>
Depreciation and writedown 1 January 2020	-2.227.329	-2.227.329
Depreciation and writedown 31 December 2020	<u>-2.227.329</u>	<u>-2.227.329</u>
Carrying amount, 31 December 2020	<u>0</u>	<u>0</u>
6. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	3.512.174	3.512.174
Disposals during the year	-1.000.000	0
Cost 31 December 2020	<u>2.512.174</u>	<u>3.512.174</u>
Amortisation and writedown 1 January 2020	-2.005.515	-1.335.884
Amortisation and depreciation for the year	-669.624	-669.631
Depreciation, amortisation and impairment loss for the year, assets disposed of	1.000.000	0
Amortisation and writedown 31 December 2020	<u>-1.675.139</u>	<u>-2.005.515</u>
Carrying amount, 31 December 2020	<u>837.035</u>	<u>1.506.659</u>
7. Deferred tax assets		
Deferred tax assets 1 January 2020	225.212	871.977
Deferred tax of the net profit or loss for the year	-166.112	-646.765
	<u>59.100</u>	<u>225.212</u>
The following items are subject to deferred tax:		
Property, plant, and equipment	59.100	225.212
	<u>59.100</u>	<u>225.212</u>



Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
8. Contributed capital		
Contributed capital 1 January 2020	<u>2.000.000</u>	<u>2.000.000</u>
	<u>2.000.000</u>	<u>2.000.000</u>

The share capital consists of 2.000 shares, each with a nominal value of DKK 1,000.

9. Charges and security

For bank debt, t.DKK 19.923, the company has provided security in company assets representing a nominal value of t.DKK 25.500. This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	45.493
Receivable from sales and services	15.651
Other plant, operating assets and fixtures and furniture	837



Notes

All amounts in DKK.

10. Contingencies

Contingent liabilities

	DKK in thousands
Recourse guarantee commitments	19.923
Total contingent liabilities	19.923

Comprising:

Contingent liabilities, group enterprises	19.923
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Joint taxation

With Handwerk Holding A/S, company reg. no 33055899 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties

Controlling interest

Copenhagen Group A/S

Majority shareholder

Handwerk Holding A/S

Majority shareholder
of Copenhagen Group
A/S

Transactions

All transactions with related parties take place on market terms.



Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
12. Adjustments		
Depreciation, amortisation, and impairment	669.624	669.631
Other financial income	-55.273	-19.137
Other financial costs	602.983	37.233
Tax on net profit or loss for the year	1.880.128	-107.945
	<u>3.097.462</u>	<u>579.782</u>
13. Change in working capital		
Change in inventories	-45.492.868	0
Change in receivables	-23.085.334	-791.938
Change in trade payables and other payables	43.170.895	572.168
	<u>-25.407.307</u>	<u>-219.770</u>



Accounting policies

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

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

Recognition and measurement in general

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

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

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

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

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

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

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

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.



Accounting policies

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

Cost of sales comprises costs concerning purchase related to revenue.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for sales, administration and premises.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

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

Tax on net profit or loss for the year

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

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

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



Accounting policies

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

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

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

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

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

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0%

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

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

Impairment loss relating to non-current assets

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

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

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

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.



Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value.

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

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

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

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Copenhagen Contractors A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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



Accounting policies

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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

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

Liabilities other than provisions

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.



Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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Jeppe Handwerk

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