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# ***Seawest Centerbygning ApS***

Gl Kærvej 15, DK-6800 Varde

## **Annual Report for 1 January - 31 December 2020**

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CVR No 29 94 03 04

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
6 /7 2021

Jeroen Jan Mol  
Chairman of the General  
Meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14

## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Seawest Centerbygning ApS 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 financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

The result of the annual review of the Company's registration of its ultimate beneficial owner was presented and approved.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Varde, 6 July 2021

### **Executive Board**

Jeroen Jan Mol

Dirk Jan Anbeek

# Independent Auditor's Report

To the Shareholder of Seawest Centerbygning ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of Seawest Centerbygning ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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.

## 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, in our view, 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 in Management's Review.

# Independent Auditor's Report

## **Management's responsibilities for the Financial Statements**

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.

## Independent Auditor's Report

- 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.

Esbjerg, 6 July 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Palle H. Jensen

State Authorised Public Accountant

mne32115

## **Company Information**

### **The Company**

Seawest Centerbygning ApS  
Gl Kærvej 15  
DK-6800 Varde

CVR No: 29 94 03 04  
Financial period: 1 January - 31 December  
Municipality of reg. office: Varde

### **Executive Board**

Jeroen Jan Mol  
Dirk Jan Anbeek

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28  
DK-6700 Esbjerg

# **Management's Review**

## **Key activities**

The company's main activity is to buy, sell and hold securities, purchase, sales, investments and administration of real estate, as well as accommodations and Food & Beverage operations.

## **Development in the year**

The income statement of the Company for 2020 shows a profit of DKK 2,517,283, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 33,226,537.

## **Uncertainty relating to recognition and measurement**

It is the opinion of the management that the Group is not subject to any special risk apart from what is normal within the Group's field of operation.

Receivables from larger clients is closely monitored. The assessments of the need for write down of receivables is based on objective indications of impairment, on the futures ability to repay. It is management's assessment that all known factors at year-end has been taken into account, however some factors are based on an estimate and any losses ascertained subsequently may differ from the estimate made.

Intangible and tangible fixed assets is assessed to a future value in use a least equivalent to the booked value.



# Management's Review

## Uncertainty related to the effects of the coronavirus (COVID-19)

The coronavirus ("COVID-19") continues to affect many areas of the global economy, including travel and tourism. Temporary border closures, self-isolation, lockdowns, strict social distancing regulations and air travel restrictions continue to impact the industry.

The vacation rentals sector performs better than other segments in the travel industry, as customers are looking for domestic, safe accommodations in individual bungalows and houses, with more space than hotels and the ability to self-cater.

The Company was impacted in 2020 and continues to be affected in 2021 with ongoing travel restrictions. In the second / third COVID-19-wave, parks in Denmark have closed down the central facilities and swimming pools in the fourth quarter due to the Government imposed restrictions, this ended in the second quarter of 2021. Occupancy was therefore lower than normal.

There remains some uncertainty on the extent to which COVID-19 will continue to impact our business, financial condition, and results. It will depend, upon the success of the vaccine roll-out in our main markets, the efficacy of the vaccines to new variants and governmental decisions on travel restrictions. However, by applying the experience of 2020 and early 2021, we are better able to assess the impact of future lockdown restrictions on our business.

Landal has applied for and obtained government support. Despite the impact of COVID-19 on our business we were able to retain our employees, which was one of the purposes of the government support.

# Management's Review

## Going Concern Analysis

Management of Landal GreenParks Group has prepared a base case scenario covering the period until December 2022 that reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends in the agency part of the business. The base case assumes no further restrictions or lockdowns (meaning park closures) after May 2021 across our core businesses and a continued preference for domestic over international travel. The number of weeks for the critical Q2 and Q3 2021 arrival periods are expected to perform very strongly as reflected in current booking patterns and as experienced in 2020 when accommodation and borders re-opened.

In addition, the Directors have applied recent experience from winter season 2020/2021 to model a severe and plausible downside scenario that includes the same lockdown restrictions in the fourth quarter of 2021 and first quarter of 2022 as experienced in the comparable periods of the prior year. It is assumed that there will be no international travel between November 2021 and March 2022. Furthermore, it assumes that domestic travel restrictions will mirror November 2020 to March 2021 local guidelines.

Although the Directors consider this to be a highly unlikely scenario given the progress of the vaccine roll-out, it is a stress scenario that allows the Directors to plan monitoring and mitigating actions for this severe downside case.

Under both base case and downside scenarios, the Landal GreenParks Group has or can obtain sufficient liquidity to maintain operations prior to taking into account mitigating actions the Group could undertake.

As a result of the uncertainties caused by COVID-19 the directors of the Company in performing their going concern assessment are due to seasonality dependent on the intercompany loan facility and support arrangements for access to the cash flows necessary for the day-to-day operations of the Company. The indirect shareholder confirmed to provide the financial support necessary to operate as a going concern and enable the Company to meet its debts as they fall due for a period of at least twelve months.

## Conclusion

The Directors consider that even with a repeat of the Q4 2020 and Q1 2021 lockdowns at a similar scale and duration, the Landal GreenParks Group has sufficient liquidity to meet its obligations for the foreseeable future. Based on the circumstances described above, the financial statements are prepared on the assumption that the Company is a going concern.

## **Management's Review**

### **Subsequent events**

On 17 June 2021 the Awaze Group announced the signing of a definitive agreement to sell Landal GreenParks to Roompot. Closing of the transactions is subject to customary closing conditions, including competition clearance and advice of the works councils.

In addition no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
<b>Gross profit/loss</b>		<b>7.531.273</b>	<b>7.627.165</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-4.142.693</u>	<u>-2.083.419</u>
<b>Profit/loss before financial income and expenses</b>		<b>3.388.580</b>	<b>5.543.746</b>
Financial income	4	463.910	274.724
Financial expenses	5	<u>-1.035.254</u>	<u>-911.593</u>
<b>Profit/loss before tax</b>		<b>2.817.236</b>	<b>4.906.877</b>
Tax on profit/loss for the year	6	<u>-299.953</u>	<u>-1.081.170</u>
<b>Net profit/loss for the year</b>		<b><u>2.517.283</u></b>	<b><u>3.825.707</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	<u>2.517.283</u>	<u>3.825.707</u>
	<b><u>2.517.283</u></b>	<b><u>3.825.707</u></b>

## Balance Sheet 31 December

### Assets

	Note	2020 DKK	2019 DKK
Land and buildings		65.944.618	68.120.969
Plant and machinery		0	1.106.200
Other fixtures and fittings, tools and equipment		1.587.668	2.085.365
Property, plant and equipment in progress		564.274	0
<b>Property, plant and equipment</b>	7	<b>68.096.560</b>	<b>71.312.534</b>
Deposits		346.000	346.000
<b>Fixed asset investments</b>	8	<b>346.000</b>	<b>346.000</b>
<b>Fixed assets</b>		<b>68.442.560</b>	<b>71.658.534</b>
Receivables from group enterprises		29.090.310	18.545.562
Other receivables		558.641	222.059
Prepayments		0	78.950
<b>Receivables</b>		<b>29.648.951</b>	<b>18.846.571</b>
<b>Currents assets</b>		<b>29.648.951</b>	<b>18.846.571</b>
<b>Assets</b>		<b>98.091.511</b>	<b>90.505.105</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		125.000	125.000
Retained earnings		33.101.537	30.584.254
<b>Equity</b>		<b>33.226.537</b>	<b>30.709.254</b>
Provision for deferred tax		5.756.000	5.852.000
<b>Provisions</b>		<b>5.756.000</b>	<b>5.852.000</b>
Lease obligations		684.245	880.702
<b>Long-term debt</b>	9	<b>684.245</b>	<b>880.702</b>
Credit institutions		0	4.656.811
Lease obligations	9	196.457	189.977
Trade payables		458.422	0
Payables to group enterprises		55.839.089	46.812.039
Payables to group enterprises relating to corporation tax		1.077.738	345.202
Other payables		853.023	1.059.120
<b>Short-term debt</b>		<b>58.424.729</b>	<b>53.063.149</b>
<b>Debt</b>		<b>59.108.974</b>	<b>53.943.851</b>
<b>Liabilities and equity</b>		<b>98.091.511</b>	<b>90.505.105</b>
Capital resources	1		
Subsequent events	2		
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	125.000	30.584.254	30.709.254
Net profit/loss for the year	0	2.517.283	2.517.283
<b>Equity at 31 December</b>	<b>125.000</b>	<b>33.101.537</b>	<b>33.226.537</b>

# Notes to the Financial Statements

## 1 Capital resources

The parent company Awaze Limited has provided a letter of support for the Group. Awaze Limited Group intends to continue to provide each direct and indirect subsidiary with the financial support necessary to enable each subsidiary to meet their debts as they fall due, including intercompany balances.

Awaze Limited Group does not intend to withdraw or cancel this support such that the subsidiary shall be able to continue trading for the foreseeable future, being a period of at least twelve months from the date that the 2020 financial statements are signed.

Management expects the new owner will provide ample access to financing.

Management therefore considers the Landal GreenParks Group's capital resources to be sufficient.

## 2 Subsequent events

On 17 June 2021 the Awaze Group announced the signing of a definitive agreement to sell Landal GreenParks to Roompot. Closing of the transactions is subject to customary closing conditions, including competition clearance and advice of the works councils.

In addition no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2020 DKK	2019 DKK
Depreciation of property, plant and equipment	4.137.282	1.894.448
Impairment of property, plant and equipment	0	162.188
Gain and loss on disposal	5.411	26.783
	<u>4.142.693</u>	<u>2.083.419</u>

## 4 Financial income

Interest received from group enterprises	463.910	274.724
	<u>463.910</u>	<u>274.724</u>



## Notes to the Financial Statements

	2020 DKK	2019 DKK		
<b>5 Financial expenses</b>				
Interest paid to group enterprises	982.075	883.289		
Other financial expenses	53.179	28.304		
	<b>1.035.254</b>	<b>911.593</b>		
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	716.738	345.202		
Deferred tax for the year	-96.000	734.115		
Adjustment of tax concerning previous years	-303.186	240.968		
Adjustment of deferred tax concerning previous years	-17.599	-239.115		
	<b>299.953</b>	<b>1.081.170</b>		
<b>7 Property, plant and equipment</b>				
	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost at 1 January	75.070.192	11.178.902	9.101.947	87.592
Additions for the year	57.014	0	300.020	476.682
Disposals for the year	0	0	-5.694.891	0
Transfers for the year	11.588.793	-11.178.902	-409.891	0
Cost at 31 December	<b>86.715.999</b>	<b>0</b>	<b>3.297.185</b>	<b>564.274</b>
Impairment losses and depreciation at 1 January	6.949.223	10.072.702	7.016.582	0
Depreciation for the year	3.605.396	0	531.886	0
Reversal of impairment and depreciation of sold assets	0	0	-5.694.891	0
Transfers for the year	10.216.762	-10.072.702	-144.060	0
Impairment losses and depreciation at 31 December	<b>20.771.381</b>	<b>0</b>	<b>1.709.517</b>	<b>0</b>
<b>Carrying amount at 31 December</b>	<b>65.944.618</b>	<b>0</b>	<b>1.587.668</b>	<b>564.274</b>

## Notes to the Financial Statements

### 7 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Including assets under finance leases amounting to	0	0	797.609	0

### 8 Fixed asset investments

	Deposits
	DKK
Cost at 1 January	346.000
Cost at 31 December	346.000
<b>Carrying amount at 31 December</b>	<b>346.000</b>

### 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	DKK	DKK
<b>Lease obligations</b>		
Between 1 and 5 years	684.245	880.702
Long-term part	684.245	880.702
Within 1 year	196.457	189.977
	<b>880.702</b>	<b>1.070.679</b>

# Notes to the Financial Statements

## 10 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Compass Bidco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of Seawest Centerbygning ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Seawest Centerbygning ApS recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use-assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use-assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless Seawest Centerbygning ApS is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subjects to impairment.

At the commencement date of the lease, Seawest Centerbygning ApS recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Seawest Centerbygning ApS and payments of penalties for terminating a lease, if the lease term reflects Seawest Centerbygning ApS exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that trigger the payments occur.

In calculating the present value of lease payments, Seawest Centerbygning ApS uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Seawest Centerbygning ApS applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue consist rental of buildings and land, and is recognized ad revenue in the period, that the rent covers.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company and all other danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

expected useful lives of the assets, which are:

Other buildings	5-30 years
Plant and machinery	10 years
Other F&F	5-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments consist of deposits.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.