
GroupM Denmark A/S

Holmbladsgade 133, DK-2300 Copenhagen S

Annual Report for 1 January - 31 December 2020

CVR No 30 24 07 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2021

Mikkel Primdal Kæregaard
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GroupM Denmark A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the 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.

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

Copenhagen, 28 May 2021

Executive Board

Jonas Von Barnekow Benzon
Hemmingsen
CEO

Board of Directors

Pia Tellefsen
Chairman

Jonas Von Barnekow Benzon
Hemmingsen

Paw Daniel Munoz Saxgren

Independent Auditor's Report

To the Shareholder of GroupM Denmark A/S

Opinion

We have audited the Financial Statements of GroupM Denmark A/S 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 are 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Independent Auditor's Report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials 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.

Copenhagen, 28 May 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Lars Hansen

State Authorised Public Accountant

mne24828

Company Information

The Company

GroupM Denmark A/S
Holmbladsgade 133
DK-2300 Copenhagen S

CVR No: 30 24 07 82
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Pia Tellefsen, Chairman
Jonas Von Barnekow Benzons Hemmingsen
Paw Daniel Munoz Saxgren

Executive Board

Jonas Von Barnekow Benzons Hemmingsen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	687.884	727.273	711.751	597.301	509.456
Gross profit/loss	126.634	121.714	104.068	99.162	88.922
Operating profit/loss	3.116	1.486	3.770	2.953	3.369
Net financials	434	-103	-270	-95	-31
Net profit/loss for the year	2.757	1.050	2.714	2.253	2.524
Balance sheet					
Balance sheet total	189.343	168.455	155.312	177.086	176.291
Equity	20.629	17.872	16.822	14.108	11.855
Investment in property, plant and equipment	11.327	11.967	-1.112	-1.069	1.583
Number of employees	203	208	174	161	144
Ratios					
Gross margin	18,4%	16,7%	14,6%	16,6%	17,5%
Solvency ratio	10,9%	10,6%	10,8%	8,0%	6,7%
Return on equity	14,3%	6,1%	17,5%	17,4%	23,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with the merger in 2017, the comparative figures for 2015 have not been restated.

Management's Review

Key activities

The primary activities are to provide services within administration, accounting and business development to companies within the group.

GroupM Denmark A/S is part of the WPP Group.

Development in the year

The income statement of the Company for 2020 shows a profit of TDKK 2,757, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 20,629.

The financial performance is satisfactory and in line with expectations.

In 2020, GroupM Denmark A/S has bought Mediacom Denmark A/S from Grey Nordic ApS for DKK 74.207.000. The price was paid in cash.

Particular risks

During 2020 the business was impacted by Covid-19, however management steered the business in a manner to reduce significant impact on the result.

Outlook

The Company's outlook for the future is positive and at the date of this report, GroupM Denmark A/S expects in 2021 to deliver a profit before tax at a higher level than in 2020. The Company will continue the focus on investments to maintain the leading position in the data and technology driven communications market.

Intellectual capital resources

A substantial part of GroupM Denmark's business hinges on the existence of certain staff resources and tools which have been further developed throughout the year, both in terms of value-based management and with respect to processes and structures for the knowledge-based work.

Management's Review

Statement of corporate social responsibility

Being part of the global WPP Group we're privileged to work with many pioneers of sustainable business, helping our clients to create brands with purpose and to embed sustainability into products, marketing and communications.

A statement regarding the Entity's policies, actions and results within matters relating to CSR is evident from the annual report of the ultimate Parent, WPP Plc. who is a member of the United Nations Global Compact and committed to its 10 principles.

The WPP Group provides a clear policy framework which are included in the WPP Policy Book. These policies are cascaded to employees through regular communication and online training modules.

For full details we refer to the annual report of the ultimate Parent, WPP Plc.

<https://www.wpp.com/investors/annual-report-2020>

Statement on gender composition

At 31 December 2020, the gender balance of the Entity showed a percentage of women of 41% and a percentage of men of 59%. The Entity's total management group consisted of 33% women. There is one woman (33%) on the Executive Board and one on the Board of Directors (33%). It is the overall and long-term objective of the Entity to maintain an equal balance between the genders at management level, including to focus on attracting more women to the Entity in future and developing these women to join the management group. We expect to expand the management group to reach a target of 40% women.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue		687.884	727.273
Cost of sales		-505.266	-539.477
Other external expenses		-55.984	-66.082
Gross profit/loss		126.634	121.714
Staff expenses	2	-119.041	-117.547
Depreciation of intangible assets and property, plant and equipment	3	-4.477	-2.681
Profit/loss before financial income and expenses		3.116	1.486
Financial income	4	1.095	1.684
Financial expenses	5	-661	-1.787
Profit/loss before tax		3.550	1.383
Tax on profit/loss for the year	6	-793	-333
Net profit/loss for the year		2.757	1.050

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment		9.849	7.206
Leasehold improvements		8.788	4.582
Property, plant and equipment	7	18.637	11.788
Investments in subsidiaries	8	106.668	32.461
Deposits	9	4.509	4.475
Fixed asset investments		111.177	36.936
Fixed assets		129.814	48.724
Trade receivables		21.684	19.706
Contract work in progress	10	224	895
Receivables from group enterprises		32.865	88.535
Other receivables		595	2.717
Deferred tax asset	14	367	226
Corporation tax		0	1.099
Prepayments	11	3.794	6.553
Receivables		59.529	119.731
Currents assets		59.529	119.731
Assets		189.343	168.455

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital	12	500	500
Retained earnings		20.129	17.372
Equity		20.629	17.872
Other payables		10.489	3.981
Long-term debt	15	10.489	3.981
Prepayments received from customers		1.930	5.597
Trade payables		49.811	65.600
Contract work in progress, liabilities	10	8.641	7.157
Payables to group enterprises		62.060	43.141
Corporation tax		563	0
Other payables	15,16	35.220	25.107
Short-term debt		158.225	146.602
Debt		168.714	150.583
Liabilities and equity		189.343	168.455
Subsequent events	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	17		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	17.372	17.872
Net profit/loss for the year	0	2.757	2.757
Equity at 31 December	500	20.129	20.629

Notes to the Financial Statements

1 Subsequent events

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff expenses

	2020 TDKK	2019 TDKK
Wages and salaries	111.063	109.066
Pensions	5.806	5.748
Other social security expenses	1.289	1.437
Other staff expenses	883	1.296
	119.041	117.547
Average number of employees	203	208

Referring to section 98b(3) of the Danish Financial Statements Act, information about the Executive Board remuneration is not disclosed. No remuneration has been paid to the Company's Board of Directors.

The Executive Board and senior officers at GroupM Denmark A/S are participating in the WPP Group's share option programme. The programme has been entered with WPP Plc. and GroupM Denmark A/S is not impacted financially.

3 Depreciation of intangible assets and property, plant and equipment

Depreciation of property, plant and equipment	4.477	2.681
	4.477	2.681

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
4 Financial income		
Interest received from group enterprises	58	92
Other financial income	0	277
Exchange gains	1.037	1.315
	1.095	1.684
5 Financial expenses		
Other financial expenses	6	168
Exchange loss	655	1.619
	661	1.787
6 Tax on profit/loss for the year		
Current tax for the year	934	-909
Deferred tax for the year	-141	1.242
	793	333
7 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	9.549	5.236
Additions for the year	5.180	6.147
Cost at 31 December	14.729	11.383
Impairment losses and depreciation at 1 January	2.344	654
Depreciation for the year	2.536	1.941
Impairment losses and depreciation at 31 December	4.880	2.595
Carrying amount at 31 December	9.849	8.788

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
8 Investments in subsidiaries		
Cost at 1 January	32.461	32.461
Additions for the year	74.207	0
Carrying amount at 31 December	106.668	32.461

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Wavemaker A/S	Copenhagen	kDKK 24.600	100%	50.653	3.966
Mediacom Danmark A/S	Copenhagen	kDKK 21.000	100%	78.151	3.944

9 Other fixed asset investments

	Deposits TDKK
Cost at 1 January	4.475
Additions for the year	34
Cost at 31 December	4.509
Carrying amount at 31 December	4.509

	2020 TDKK	2019 TDKK
10 Contract work in progress		
Selling price of work in progress	3.006	4.915
Payments received on account	-11.423	-11.177
	-8.417	-6.262
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	224	895
Prepayments received recognised in debt	-8.641	-7.157
	-8.417	-6.262

Notes to the Financial Statements

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

12 Equity

The share capital consists of 500 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

13 Distribution of profit

	2020 TDKK	2019 TDKK
Retained earnings	2.757	1.050
	2.757	1.050

14 Deferred tax asset

Deferred tax asset at 1 January	226	1.468
Amounts recognised in the income statement for the year	141	-1.242
Deferred tax asset at 31 December	367	226

15 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:

Other payables

Between 1 and 5 years	10.489	3.981
Long-term part	10.489	3.981
Other short-term payables	35.220	25.107
	45.709	29.088

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
16 Other payables		
Value added tax etc	8.057	6.419
Wages and salaries, personal income taxes, social security costs, etc	8.874	2.003
Holiday pay obligation	4.870	8.382
Other debt	13.419	8.303
	35.220	25.107

17 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Commitments under rental agreements or leases until expiry	54.308	58.272
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The Company has provided a guarantee of DKK 750 thousand in favour of the Company's banker. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the Company's obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The companies GroupM Denmark A/S and Wavemaker A/S have provided a guarantee of DKK 14,500 thousand in favour of the Companies' banker. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the companies' obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The Company participates in a Danish joint taxation arrangement in which WPP Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes to the Financial Statements

18 Related parties

Controlling interest

WPP Holding Denmark A/S, Per Henrik Lings Allé 4, 7, 2100 Copenhagen Ø, Central Registration
No 56 87 36 19 owns all the shares of the Company and thus has control over the Company.

Transactions

The Company only disclose transactions with related parties which are not effected at arm's length. All transactions are at arm's length.

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Name	Place of registered office
WPP plc.	27 Farm Street, W1J 5RJ, London, England.

The Group Annual Report of WPP plc. may be obtained at the following address: www.wpp.com.

19 Fee to auditors appointed at the general meeting

Deloitte

	2020 TDKK	2019 TDKK
Audit fee	530	711
Other assurance engagements	8	8
	538	719

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of GroupM Denmark A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of WPP plc., the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of WPP plc., the Company has not prepared a cash flow statement.

Recognition and measurement

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Income Statement

Revenue

Revenue from the sale of media and administrative services to group related WPP-companies is recognised in the income statement when delivery is made to the buyer.

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

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises consumed use of media to achieve the revenue for the year. Use of media includes received discounts, etc.

Other external expenses

Other external expenses include expenses for premises, stationery and office supplies, marketing costs and services provided by group related companies etc. This item also includes write-downs of receivables recognised in current assets.

Staff expenses

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Amortisation, depreciation 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.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary.

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net foreign exchange gains, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net foreign exchange losses, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 other WPP companies in Denmark. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Cash pool

The Company is part of a cash pool scheme with other Danish WPP companies. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from and payables to group enterprises, respectively.

Notes to the Financial Statements

20 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at the sales value of the work carried out at the balance sheet date.

The sales value 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.

For some projects where the consumption of resources cannot be applied as a basis, stage of completion is determined as the ratio between completed and total sub activities of the individual projects.

Each contract in progress is recognised in the balance sheet under receivables or liabilities, depending on whether the net value, calculated as the selling price less on account billings, is positive or negative.

Cost of securing contracts are recognised in the income statement as incurred.

Prepayments

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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 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. Surcharges under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$