

Green Team Europe A/S

Simmelbrovej 44
7260 Sønder Omme
Business Registration No
30599322

Annual report 01.07.2018 - 30.06.2019

The Annual General Meeting adopted the annual report on 20.12.2019

Chairman of the General Meeting

Name: Jesper Altamirano

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	5
Management commentary	11
Income statement for 2018/19	11
Balance sheet at 30.06.2019	11
Statement of changes in equity for 2018/19	11
Notes	11
Accounting policies	11

Entity details

Entity

GREEN TEAM EUROPE A/S

Simmelbrovej 44

7260 Sønder Omme

Central Business Registration No (CVR): 30599322

Registered in: Billund

Financial year: 01.07.2018 - 30.06.2019

Board of Directors

Rikke Strandhave, chairman

Sune Graae Norsker

Brian Sandfeld

Executive Board

Sune Graae Norsker

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Green Team Europe A/S for the financial year 01.07.2018 - 30.06.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2019 and of the results of its operations for the financial year 01.07.2018 - 30.06.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Sønder Omme, 20.12.2019

Executive Board

Sune Graae Norsker

Board of Directors

Rikke Strandhave
chairman

Sune Graae Norsker

Brian Sandfeld

Independent auditor's report

To the shareholders of Green Team Europe A/S

Opinion

We have audited the financial statements of Green Team Europe A/S for the financial year 01.07.2018 - 30.06.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2019 and of the results of its operations for the financial year 01.07.2018 - 30.06.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 20.12.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Allan Trolle Pedersen
State Authorised Public Accountant
Identification No (MNE) mne34339

Management commentary

Primary activities

Green Team Europe A/S operates within production and sales of christmas trees, greenery and decorations.

Development in activities and finances

The Group has experienced an increase in sales in financial year 2018-19, on both cut trees and in sales of own potted trees. We balance production and sales but we also purchase trees from external producers. We operate in a competitive market and the supply situation has had a large impact on the prices of all our products while the demand is very stable in the market. Since 2016 the Groups sales prices have decreased by approximately 50% which is the main driver for low financial performance in the last few years.

Due to the very low prices and a an uncertainty regarding timing of the expected price increase, the Group has chosen to reduce the value of inventories made up be Christmas trees. The credit facilities will be increased in the overall restructuring of the company's finances as well as a new ownership has materialized.

We are starting to see an improvement in the situation, and we expect a price increase in the years to come – the timing is uncertain, but prices is expected start to increase from season 2021.

The increased share of own-produced trees as well as the transparent collaboration with European retailers will further increase the Group's competitiveness in regards to quality, delivery performance and cost efficiency. The Group has a mature production and we aim to have a stable and even-aged production in several parts of Europe, which gives the Group competitive advantages in reaching our ambition to be the preferred provider of Christmas trees to high volume retailers throughout Europe.

The Group's equity at financial year-end was DKK -188 million. The Group's bank has provided the necessary credit facilities to cover next year's liquidity needs according to the Group's long-term financial plan.

Credit facilities

The Group's main bank, Sydbank acquired the parent company on October 1, 2019 as part of a restructuring of the Group's finances. After the balance sheet date Sydbank has provided new equity for the Group amounting to DKK 60 million.

Management have made a detailed budget estimating the credit facilities needed to complete the planned activities during 2019/20 and Sydbank has provided what Management finds to be sufficient credit facilities to ensure the completion of these activities and to cover any deviations between the actual results and the planned activities.

Management commentary

Uncertainty relating to recognition and measurement

The Group's inventories of Christmas trees are measured at market value, using a return-based valuation model. This model estimates the Christmas trees' future returns. The return is estimated based on the Group's experience with similar production, including expected yield, quality levels, height and future selling prices. The share-holders and management has chosen a more conservative approach to the future market situation that results in a decrease in the inventory stock value.

As the production cycle of Christmas trees is up to 10 years long, changes may occur in these assumptions that cannot be predicted. Changes in the assumptions will influence the valuation of inventories of Christmas trees. The assumptions are currently considered correct by Management, based on previous experience in the Christmas tree production process and on Management's best estimates of future developments in the market. The majority of the Group's plantations in Europe have been assessed by an independent external assessor, who has assessed the expected yield, quality levels and height.

Due to the circumstances described in the section "Development in activities and finances" Management has adjusted the expected future selling prices and the applied rate of return to take into account the uncertainty in the market regarding the rate and placement of the expected future increases in selling prices. Current selling prices for the season 2019 are fully reflected in the valuation.

In total, the Group owns 19,3 million Christmas trees in Denmark, UK and Poland.

Outlook

In the coming years, we will pursue to establish a stable and controlled expansion of the Group's business volume. After the reduction of production areas in 16/17, the Group has obtained a balance between production volume and sales but we will continue to aim for a higher degree of purchased trees to increase flexibility in sales.

Focus will be on the continued strengthening of the Group's market position.

Management expects a small positive result for the Group for the year 2019/20.

Green Team Group will position ourselves as the most price competitive and professional supplier for the large volume customers on the European market, and we will strive to primarily cover market demand for Christmas trees with the Group's own production, complemented with a purchase of trees from other producers. The production and assortment will be adapted to regional market needs.

Given the geographical location of its production, the Group has optimal diversification of production risk in terms of climate, weather conditions, vermin and disease as well as operating costs. Also, the

Management commentary

geographical dispersion ensures proximity to customers and facilitates logistics.

Particular risks

General risks

The Group's primary operating risk is linked to the production of Christmas trees as well as maintaining a strong position in the markets where the products are sold.

Financial risks

Due to its operations, investments and financing, the Group is exposed to changes in exchange and interest rates. It is the Group's policy not to actively speculate in financial risks. The Group's financial management is therefore only aimed at managing existing financial risks.

Currency risk

The Group conducts active management and monitoring of the Group's currency risks to minimize these. Assets in foreign currencies are partially hedged with debt in the same currency, so that the net foreign currency position of the Group's capital is minimized. The Group does not speculate in currency positions.

Brexit and the development of the GBP that followed and is expected to follow going forward had and will have a potential negative impact on profit and loss as well as equity. However, it is Managements assessment that the Group will strengthen its competitiveness in the future with its own production in Scotland and domestic sales in the UK.

Interest rate risk

It is the Group's policy to partially hedge interest rate risks on loans with variable interest rates. There is a regular monitoring of interest costs and risks.

Credit risk

The Group's policy for assuming credit exposure ensures that all major customers and the business partners are assessed on their credit on an on-going basis and the Group uses credit insurance to a significant extent.

Enviromental matters

Given the nature of our business, environmental matters are very much in focus. We have different certification programs and we always strive to be second to none in the business when it comes to green focus, CSR and certification programs.

We are currently working on reducing chemicals, waste and fertilizer in our production, and we are working closely together with our customers to reduce the environmental impact of our production.

Management commentary

Events after the balance sheet date

The Group's main bank, Sydbank acquired the parent company on October 1, 2019 as part of a restructuring of the Group's finances. After the balance sheet date Sydbank has provided new equity for the Group amounting to DKK 60 million.

Further the previous majority shareholders have remitted debt amounting to DKK 30 million, bringing the equity to DKK 108 million in total. All other debts to the previous owner have been settled as part of the financial restructuring of the Group during November, 2019.

Other than the above mentioned no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Gross profit/loss		3.730.078	(11.560.879)
Staff costs	2	(17.171.617)	(11.834.875)
Depreciation, amortisation and impairment losses		<u>(32.584)</u>	<u>(119.341)</u>
Operating profit/loss		(13.474.123)	(23.515.095)
Income from investments in group enterprises		(214.759.311)	(45.328.435)
Other financial income	3	27.558.295	19.808.050
Other financial expenses	4	<u>(34.144.974)</u>	<u>(20.763.400)</u>
Profit/loss before tax		(234.820.113)	(69.798.880)
Tax on profit/loss for the year	5	<u>(1.305.916)</u>	<u>5.383.498</u>
Profit/loss for the year		<u>(236.126.029)</u>	<u>(64.415.382)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(236.126.029)</u>	<u>(64.415.382)</u>
		<u>(236.126.029)</u>	<u>(64.415.382)</u>

Balance sheet at 30.06.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		540.764	420.396
Property, plant and equipment		540.764	420.396
Investments in group enterprises		24.653.036	196.242.230
Fixed asset investments	6	24.653.036	196.242.230
Fixed assets		25.193.800	196.662.626
Trade receivables		4.766.003	2.051.636
Receivables from group enterprises		393.463.551	585.479.777
Deferred tax		14.569.602	11.548.641
Other receivables		1.506.672	1.259.779
Joint taxation contribution receivable		1.706.988	14.035.007
Prepayments		203.181	148.085
Receivables		416.215.997	614.522.925
Cash		10.045	2.584
Current assets		416.226.042	614.525.509
Assets		441.419.842	811.188.135

Balance sheet at 30.06.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		1.000.000	1.000.000
Reserve for net revaluation according to the equity method		0	84.110.893
Reserves according to the articles of association		3.600.000	3.600.000
Retained earnings		<u>(193.059.046)</u>	<u>(42.384.274)</u>
Equity		<u>(188.459.046)</u>	<u>46.326.619</u>
Provisions for investments in group enterprises		<u>9.354.625</u>	<u>68.640.531</u>
Provisions		<u>9.354.625</u>	<u>68.640.531</u>
Bank loans		<u>0</u>	<u>200.000.000</u>
Non-current liabilities other than provisions		<u>0</u>	<u>200.000.000</u>
Bank loans		372.106.862	127.502.148
Trade payables		1.989.170	7.081.949
Payables to group enterprises		239.695.694	357.193.643
Other payables		<u>6.732.537</u>	<u>4.443.245</u>
Current liabilities other than provisions		<u>620.524.263</u>	<u>496.220.985</u>
Liabilities other than provisions		<u>620.524.263</u>	<u>696.220.985</u>
Equity and liabilities		<u>441.419.842</u>	<u>811.188.135</u>
Going concern	1		
Contingent liabilities	7		
Assets charged and collateral	8		
Group relations	9		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserves according to the articles of association DKK
Equity beginning of year	1.000.000	84.110.893	3.600.000
Exchange rate adjustments	0	1.340.364	0
Transfer to reserves	0	129.308.054	0
Profit/loss for the year	0	(214.759.311)	0
Equity end of year	1.000.000	0	3.600.000

	Retained earnings DKK	Total DKK
Equity beginning of year	(42.384.274)	46.326.619
Exchange rate adjustments	0	1.340.364
Transfer to reserves	(129.308.054)	0
Profit/loss for the year	(21.366.718)	(236.126.029)
Equity end of year	(193.059.046)	(188.459.046)

Notes

1. Going concern

The Group's main bank, Sydbank acquired the parent company on October 1, 2019 as part of a restructuring of the Group's finances. After the balance sheet date Sydbank has provided new equity for the Group company amounting to DKK 60 million. Further the previous majority shareholders have remitted debt amounting to DKK 30 million, bringing the equity for the Group to DKK 108 million in total. All other debts to the previous owner have been settled as part of the financial restructuring of the Group during November, 2019.

Management have made a detailed budget estimating the credit facilities needed to complete the planned activities during 2019/20 and Sydbank has provided what Management finds to be sufficient credit facilities to ensure the completion of these activities and to cover any deviations between the actual results and the planned activities.

	2018/19	2017/18
	DKK	DKK
2. Staff costs		
Wages and salaries	13.846.367	8.807.503
Pension costs	1.013.448	979.621
Other social security costs	254.846	238.412
Other staff costs	2.056.956	1.809.339
	17.171.617	11.834.875
 Average number of employees	 13	 13

	2018/19	2017/18
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	13.364.552	12.888.958
Other financial income	14.193.743	6.919.092
	27.558.295	19.808.050

	2018/19	2017/18
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	7.832.959	8.056.387
Other financial expenses	26.312.015	12.707.013
	34.144.974	20.763.400

Notes

	2018/19	2017/18
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	(4.413.267)	(5.383.498)
Change in deferred tax	5.719.183	0
	1.305.916	(5.383.498)
		Invest-
		ments in
		group
		enterprises
		DKK
6. Fixed asset investments		
Cost beginning of year		43.490.813
Additions		694.000
Disposals		(25.108.662)
Cost end of year		19.076.151
Revaluations beginning of year		152.751.417
Exchange rate adjustments		1.400.823
Share of profit/loss for the year		(214.759.311)
Dividend		(8.578.164)
Reversal of revaluations		(1.509.151)
Investments with negative equity value depreciated over receivables		135.698.116
Investments with negative equity value transferred to provisions		(59.285.906)
Other adjustments		(140.939)
Revaluations end of year		5.576.885
Carrying amount end of year		24.653.036

Notes

	Registered in	Equity inte- rest %
Investments in group enterprises comprise:		
Towleys Woodland Inc.	United Kingdom	100,0
Braco Woodland Ltd.	United Kingdom	100,0
Green Team Christmas Trees Ltd.	United Kingdom	100,0
SCEA Green Team France	France	96,7
Green Team Polske Sp. z.o.o.	Poland	100,0
Green Team Danmark ApS	Billund, Denmark	100,0
Green Team Holland B.V.	The Netherlands	100,0
GTG Belgium SA	Belgium	99,0
Green Team Forest Sp. z.o.o.	Poland	100,0

	Registered in	Equity inte- rest %
Investments in associates comprise:		
Hansen Faeskola	Hungary	25,0

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Adelis Services I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

8. Assets charged and collateral

The Company capital in the following companies has been pledged as security for bank engagement with Sydbank A/S:

- Green Team Danmark ApS, nom. DKK 500k, carrying amount DKK (60,482)k.
- Majland A/S, nom DKK 714K, carrying amount DKK 22,396k.

Notes

9. Group relations

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

Green Team Group A/S, Sønder Omme, CVR-nr. 33057539.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, the Company has not prepared own consolidated financial statements. The Company is a subsidiary of Green Team Group A/S, Billund, Central Business Registration No 33 05 75 39, which prepares the overall consolidated financial statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation 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 property, plan and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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