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# ***Odense Maritime Technology A/S***

Sverigesgade 4, DK-5000 Odense C

## **Annual Report for 1 July 2021 - 30 June 2022**

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CVR No 33 07 49 64

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
14/1 2023

Per Lønborg-Andersen  
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 Odense Maritime Technology A/S for the financial year 1 July 2021 - 30 June 2022.

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 30 June 2022 of the Company and of the results of the Company operations for 2021/22.

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

Odense, 14 January 2023

## Executive Board

Peter Kåre Groes Christiansen

## Board of Directors

Peter Kåre Groes Christiansen

Poul Præstegaard Skadhede

Thomas Knudsen

# Independent Auditor's Report

To the Shareholders of Odense Maritime Technology A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Odense Maritime Technology A/S for the financial year 1 July 2021 - 30 June 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 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.

# 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.

Hellerup, 14 January 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob Fromm Christiansen

statsautoriseret revisor

mne18628

Kim Danstrup

statsautoriseret revisor

mne32201

## Company Information

### **The Company**

Odense Maritime Technology A/S  
Sverigesgade 4  
DK-5000 Odense C

CVR No: 33 07 49 64  
Financial period: 1 July - 30 June  
Municipality of reg. office: Odense

### **Board of Directors**

Peter Kåre Groes Christiansen  
Poul Præstegaard Skadhede  
Thomas Knudsen

### **Executive Board**

Peter Kåre Groes Christiansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	2021/22 TDKK	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	100,183	72,017	94,516	71,112	84,916
Gross profit/loss	2,134	54,073	67,669	39,445	13,204
Operating profit/loss	-36,877	7,467	21,334	-2,885	-44,717
Net financials	-4,463	-2,561	-5,097	-2,514	-4,521
Net profit/loss for the year	-32,485	3,093	12,443	-4,315	-38,981
<b>Balance sheet</b>					
Balance sheet total	118,284	135,425	73,658	61,041	73,556
Equity	-21,970	10,515	13,879	1,534	5,849
Number of employees	40	52	47	48	73
<b>Ratios</b>					
Gross margin	2.1%	75.1%	71.6%	55.5%	15.5%
Profit margin	-36.8%	10.4%	22.6%	-4.1%	-52.7%
Return on invested capital	-31.2%	5.5%	29.0%	-4.7%	-60.8%
Solvency ratio	-18.6%	7.8%	18.8%	2.5%	8.0%
Return on equity	567.2%	25.4%	161.5%	-116.9%	-154.6%



# Management's Review

## Key activities

Odense Maritime Technology A/S (OMT) is the premium maritime consulting firm in Europe with a core focus on delivering smart maritime defense solutions. OMT has extensive fields of expertise within engineering, procurement, construction and operations within the maritime sector.

The unique strength of OMT lies in the maritime technological expertise and experience in the team of ship architects, ship engineers, project managers and consultants working in OMT, who are specialists within ship design, ship building, concepts for rebuilding and retrofitting of ships, ship licenses, ship repairs and outsourcing in the maritime industry.

## Development in the year

The income statement of the Company for 2021/22 shows a loss of DKK 32.5 million, and at 30 June 2022 the balance sheet of the Company shows negative equity of DKK 22.0 million.

OMT has worked on several major client projects in APAC and Europe throughout the financial year and has realised a turnover of DKK 100.2 million compared with DKK 72.0 million the year before.

The operational result for 2021/22 is satisfactory and in accordance with expectations.

However, in December 2022, the Company has decided to enter into a settlement agreement regarding a claim from a customer and has paid an amount to fully settle all the Company's liabilities in relation to this claim.

The effect of this settlement agreement has been recognized in the financial statement for 2021/22 and is the reason for the negative result for 2021/22 and the negative equity as of 30 June 2022. The Company has secured financing to ensure continued operations.

The Company's expectations for the future is a result before tax of approx. DKK 7 - 11 million.

## Resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

The Company keeps continuous focus on a strengthened recruitment platform.

The work continues on creating concepts and expanding competences to strengthen the value of our services to our clients. As an indication of the strength of our competences, OMT has been selected as advisor in several large defence sector projects globally.

# Management's Review

## Special risks

The Company's exposure to a specialized market for the sale of consulting services within ship design, ship building, etc. makes the Company dependent on the development in this industry. However, there is a positive development within the defense and special purpose segments as well as the advisory segment, which all are the present focus areas of OMT.

## External environmental impact and measures to prevent or mitigate their damage cf. Årsregnskabsloven §99

Odense Maritime Technology A/S is a part of V Business Development A/S and is referring to the annual report and management's review of this company in respect of the group's external environmental impact and measures to prevent or mitigate their damage.

## Subsequent events

Other than what is described in note 1 and note 2, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 30 June

	Note	2021/22 DKK	2020/21 DKK
<b>Revenue</b>		<b>100,182,938</b>	<b>72,017,419</b>
Work on own account recognised in assets		0	1,988,010
Other external expenses		-98,048,614	-19,931,968
<b>Gross profit/loss</b>		<b>2,134,324</b>	<b>54,073,461</b>
Staff expenses	3	-39,010,879	-46,606,948
<b>Profit/loss before financial income and expenses</b>		<b>-36,876,555</b>	<b>7,466,513</b>
Income from investments in subsidiaries		-368,246	-236,593
Financial income		1,143,455	691,282
Financial expenses		-5,238,343	-3,015,610
<b>Profit/loss before tax</b>		<b>-41,339,689</b>	<b>4,905,592</b>
Tax on profit/loss for the year	4	8,855,032	-1,812,682
<b>Net profit/loss for the year</b>		<b>-32,484,657</b>	<b>3,092,910</b>

# Balance Sheet 30 June

## Assets

	Note	2021/22 DKK	2020/21 DKK
Investments in subsidiaries	5	365,320	734,566
Investments in associates	6	0	0
Deposits	7	0	574,632
<b>Fixed asset investments</b>		<b>365,320</b>	<b>1,309,198</b>
<b>Fixed assets</b>		<b>365,320</b>	<b>1,309,198</b>
Trade receivables		6,682,141	22,177,955
Contract work in progress	8	1,076,048	1,726,501
Receivables from group enterprises		34,643,833	4,126,815
Other receivables		32,671,590	67,413,236
Deferred tax asset	11	13,453,324	171,222
Prepayments	9	1,586,137	1,298,042
<b>Receivables</b>		<b>90,113,073</b>	<b>96,913,771</b>
<b>Other securities and investments</b>		<b>18,427,462</b>	<b>18,622,094</b>
<b>Cash at bank and in hand</b>		<b>9,377,731</b>	<b>18,580,429</b>
<b>Currents assets</b>		<b>117,918,266</b>	<b>134,116,294</b>
<b>Assets</b>		<b>118,283,586</b>	<b>135,425,492</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2021/22 DKK	2020/21 DKK
Share capital		4,750,000	4,750,000
Retained earnings		-26,719,575	5,765,082
<b>Equity</b>		<b>-21,969,575</b>	<b>10,515,082</b>
Other payables		2,114,309	4,561,734
<b>Long-term debt</b>	12	<b>2,114,309</b>	<b>4,561,734</b>
Prepayments received from customers		5,046,746	9,394,769
Trade payables		3,578,143	1,164,424
Payables to group enterprises		3,531,073	851,371
Payables to group enterprises relating to corporation tax		1,387,267	1,736,397
Other payables	12	124,595,623	107,201,715
<b>Short-term debt</b>		<b>138,138,852</b>	<b>120,348,676</b>
<b>Debt</b>		<b>140,253,161</b>	<b>124,910,410</b>
<b>Liabilities and equity</b>		<b>118,283,586</b>	<b>135,425,492</b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 July	4,750,000	5,765,082	10,515,082
Net profit/loss for the year	0	-32,484,657	-32,484,657
<b>Equity at 30 June</b>	<b>4,750,000</b>	<b>-26,719,575</b>	<b>-21,969,575</b>

# Notes to the Financial Statements

## 1 Going concern and liquidity situation

By virtue of its business area, the Company can be party to disputes which are not unusual for the business.

In prior years, Odense Maritime Technology A/S received a significant claim from a customer.

In December 2022 the dispute was settled. The cost of the settlement has been recognized in the financial statements, and due hereto the Company's equity has become negative.

The Company has secured financing to ensure continued operations. The budget for the Company for 2022/23 and the coming 3 years shows an estimated profit sufficient to repay its debt.

Based here upon, the Company has prepared the Financial Statements according to the Going Concern assumption.

## 2 Special items

The cost of the settlement mentioned in note 1 is a material amount and has been recognized in the financial statements as part of Other Expenses, and due hereto the Company's equity has become negative.

## 3 Staff expenses

	2021/22 DKK	2020/21 DKK
Wages and salaries	38,602,148	46,239,277
Other social security expenses	408,731	367,671
	<b>39,010,879</b>	<b>46,606,948</b>
Including remuneration to:		
Executive Board and Board of Directors	2,516	
	<b>2,516</b>	
<b>Average number of employees</b>	<b>40</b>	<b>52</b>

Remuneration to the Executive Board and Board of Directors for the comparative figures has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

# Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	4,427,070	1,736,397
Deferred tax for the year	-13,282,102	-492,774
Adjustment of deferred tax concerning previous years	0	569,059
	<b>-8,855,032</b>	<b>1,812,682</b>

## 5 Investments in subsidiaries

Cost at 1 July	841,589	841,589
Cost at 30 June	841,589	841,589
Value adjustments at 1 July	-1,249,979	-928,499
Exchange adjustment	-1,000	-43,596
Net profit/loss for the year	-368,246	-277,884
Value adjustments at 30 June	-1,619,225	-1,249,979
Negative net asset values are set off against receivables from group enterprises	1,142,956	1,142,956
<b>Carrying amount at 30 June</b>	<b>365,320</b>	<b>734,566</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Odense Maritime Technology (India) Private Limited	India	420,000	100%
OMT UK Limited	UK	9	100%

## 6 Investments in associates

Cost at 1 July	350,000	350,000
Cost at 30 June	350,000	350,000



## Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
<b>6 Investments in associates (continued)</b>		
Value adjustments at 1 July	-350,000	-350,000
Value adjustments at 30 June	-350,000	-350,000
<b>Carrying amount at 30 June</b>	<b>0</b>	<b>0</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Maritime Equity Partners ApS (Annual Report year end 30 June 2022)	Denmark	200,000	25%

## 7 Other fixed asset investments

	Deposits DKK
Cost at 1 July	574,632
Disposals for the year	-574,632
Cost at 30 June	0
<b>Carrying amount at 30 June</b>	<b>0</b>

## 8 Contract work in progress

Selling price of work in progress	1,076,048	1,726,501
Payments received on account	-5,046,746	-9,394,769
	<b>-3,970,698</b>	<b>-7,668,268</b>

## 9 Prepayments

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

# Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
<b>10 Distribution of profit</b>		
Retained earnings	-32,484,657	3,092,910
	<b>-32,484,657</b>	<b>3,092,910</b>

## 11 Deferred tax asset

Deferred tax asset at 1 July	171,222	247,507
Changes in deferred tax	13,282,102	492,774
Changes in deferred tax previous years	0	-569,059
<b>Deferred tax asset at 30 June</b>	<b>13,453,324</b>	<b>171,222</b>

Tax assets relates to deferred costs which are expected to be utilized in the Company within a foreseeable future.

## 12 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	2,114,309	4,561,734
Long-term part	2,114,309	4,561,734
Other short-term payables	124,595,623	107,201,715
	<b>126,709,932</b>	<b>111,763,449</b>

## 13 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	0	1,488,374
	<b>0</b>	<b>1,488,374</b>

# Notes to the Financial Statements

## 13 Contingent assets, liabilities and other financial obligations (continued)

### Other 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 V Business Development A/S, 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.

## 14 Related parties

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The company is included in the consolidated report for the parent company

Name	Place of registered office
V Business Development A/S	Copenhagen

The Group Annual Report of V Business Development A/S may be obtained at [www.cvr.dk](http://www.cvr.dk)

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of Odense Maritime Technology A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of V Business Development A/S, 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 V Business Development A/S, the Company has not prepared a cash flow statement.

### 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.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

### 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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

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

### Other external expenses

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

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Income from investments in subsidiaries and associates

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### 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 V Business Development A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Investments in subsidiaries and associates

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

Investments in subsidiaries are recognised and measured under the equity method.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other 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.

### Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Prepayments

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

### Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Equity

#### 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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans 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.



## Notes to the Financial Statements

### 15 Accounting Policies (continued)

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

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$