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Nordmark Coating A/S

Kjeldgaardsvej 10
9300 Sæby
CVR No. 33877285

Annual report 2023

The Annual General Meeting adopted the annual report on 21.03.2024

Morten Jørgensen Mørk
Chairman of the General Meeting

Contents

Entity details

Entity
Nordmark Coating A/S
Kjeldgaardsvej 10
9300 Sæby

Business Registration No.: 33877285
Registered office: Frederikshavn
Financial year: 01.01.2023 - 31.12.2023

Board of Directors
Johnny Thomsen, Chairman
Christian Kolding Andreasen
Søren Lomholt Husted
Camilla Rygaard-Hjalsted
Jens Jørgen Hahn-Petersen
Michael Jacobsen

Executive Board
Morten Jørgensen Mørk

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordmark Coating A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Sæby, 20.02.2024

Executive Board

Morten Jørgensen Mørk

Board of Directors

Johnny Thomsen
Chairman

Christian Kolding Andreasen

Søren Lomholt Husted

Camilla Rygaard-Hjalsted

Jens Jørgen Hahn-Petersen

Michael Jacobsen

Independent auditor's report

To the shareholders of Nordmark Coating A/S

Opinion

We have audited the financial statements of Nordmark Coating A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 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.

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:

- 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.

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.

Aalborg, 20.02.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Haugegaard Albrechtsen
State Authorised Public Accountant
Identification No (MNE) mne45846

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

Primary activities

Nordmark Coating A/S specialises in sandblasting, metallisation, and coating of large components for the wind sector and the heavy industry.

As per January 2nd, 2023, Nordmark Production A/S and Nordmark Coating ApS were merged with Nordmark Coating A/S as the continuing company. The activity in the company includes both operation of the coating business from Nordmark Coating ApS and the movement of the production to other group companies from Nordmark Production A/S.

Description of material changes in activities and finances

The company have changed its financial year in 2021/22 and therefore the current financial year covers 12 months compared to 18 months in 2021/22.

EBITDA for the year was recognised at DKK 3.7 million for the 12-month period against DKK -19.5 million in the 18 -month period in 2021/2022. The management expected EBITDA in the range of mDKK -5 to -10 and in this context the management consider the result as being satisfactory.

The company has disposed fixed assets with a gain of DKK 15 million in the fiscal year. Furthermore the financial year is impacted by reversel of impairment on group receivables of DKK 42.1 million.

Income statement for 2023

	Notes	2023 DKK	2021/22 DKK
Gross profit/loss	3	**15,274,664**	**22,559,072**
Staff costs	4	(11,621,557)	(42,029,302)
Depreciation, amortisation and impairment losses		(1,711,417)	(3,510,875)
Operating profit/loss		**1,941,690**	**(22,981,105)**
Income from investments in group enterprises		49,295,073	(18,093,270)
Income from financial assets		14,997	24,280
Other financial income	5	5,118,665	6,022,715
Other financial expenses	6	(7,474,473)	(6,484,357)
Profit/loss before tax		**48,895,952**	**(41,511,737)**
Tax on profit/loss for the year		(11,743)	1,145,740
Profit/loss for the year		**48,884,209**	**(40,365,997)**
Proposed distribution of profit and loss			
Retained earnings		48,884,209	(40,365,997)
Proposed distribution of profit and loss		**48,884,209**	**(40,365,997)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Plant and machinery		2,010,332	11,465,408
Other fixtures and fittings, tools and equipment		1,581,716	208,289
Leasehold improvements		702,000	0
Property, plant and equipment	7	**4,294,048**	**11,673,697**
Investments in group enterprises		23,976,225	16,814,911
Other investments		1,050	1,050
Deposits		327,000	0
Financial assets	8	**24,304,275**	**16,815,961**
Fixed assets		**28,598,323**	**28,489,658**
Raw materials and consumables		857,080	0
Inventories		**857,080**	**0**
Trade receivables		108,374	4,778,123
Contract work in progress	9	0	2,188,374
Receivables from group enterprises		4,168,475	41,528,974
Deferred tax		2,000,000	2,248,820
Other receivables		140,900	906,900
Income tax receivable		0	11,376
Prepayments		8,810	302,329
Receivables		**6,426,559**	**51,964,896**
Cash		**785,093**	**0**
Current assets		**8,068,732**	**51,964,896**
Assets		**36,667,055**	**80,454,554**

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		1,744,004	(47,180,205)
Equity		**2,744,004**	**(46,180,205)**
Other provisions		0	625,000
Provisions		**0**	**625,000**
Subordinate loan capital		0	25,000,000
Lease liabilities		0	6,250,586
Non-current liabilities other than provisions	10	**0**	**31,250,586**
Current portion of non-current liabilities other than provisions	10	0	1,339,806
Bank loans		20,984	20,203,559
Prepayments received from customers		0	743,620
Trade payables		761,505	3,181,187
Payables to group enterprises		32,006,992	64,734,973
Other payables		1,133,570	4,556,028
Current liabilities other than provisions		**33,923,051**	**94,759,173**
Liabilities other than provisions		**33,923,051**	**126,009,759**
Equity and liabilities		**36,667,055**	**80,454,554**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Group relations	14		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	(47,180,205)	(46,180,205)
Effect of mergers and business combinations	0	40,000	40,000
Profit/loss for the year	0	48,884,209	48,884,209
Equity end of year	**1,000,000**	**1,744,004**	**2,744,004**

Notes

1 Going concern

The parent company Nordmark Group ApS has stated that it supports to provide liquidity which may be necessary for the company's ability to fulfill its obligations as they become due up until 31.12.2024. On this basis the financial statements are prepared under the assumption of going concern.

2 Uncertainty relating to recognition and measurement

Deferred tax assets comprise of property plan and equipment and tax losses carried forward. Not recognized deferred tax assets amounts to DKK 4.3m (2021/22: DKK 4.0m).

Management has recognized deffered tax assets on basis of expected future utilization within 5 years. Due to a natural uncertainty related to expected future income from new established coating-activities, management has considered uncertainty related to the valuation of deferred tax assets.

3 Gross profit/loss

Gross profit comprises other operation income primarily from gains on disposal of fixed assets at DKK 14.8m (2021/22: -0,7m)

4 Staff costs

	2023 DKK	2021/22 DKK
Wages and salaries	10,090,406	35,942,605
Pension costs	957,700	4,390,882
Other social security costs	214,463	780,697
Other staff costs	358,988	915,118
	11,621,557	**42,029,302**

Number of employees at balance sheet date	**17**	**42**

5 Other financial income

	2023 DKK	2021/22 DKK
Financial income from group enterprises	5,082,570	5,367,327
Other interest income	1,635	1,307
Exchange rate adjustments	17,641	19,296
Other financial income	16,819	634,785
	5,118,665	**6,022,715**

6 Other financial expenses

	2023 DKK	2021/22 DKK
Financial expenses from group enterprises	5,677,295	4,591,796
Other interest expenses	1,318,024	727,403
Other financial expenses	479,154	1,165,158
	7,474,473	**6,484,357**

7 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	57,169,201	3,513,707	104,159
Additions	2,471,253	1,875,637	780,000
Disposals	(57,410,454)	(3,513,707)	(104,159)
Cost end of year	**2,230,000**	**1,875,637**	**780,000**
Depreciation and impairment losses beginning of year	(45,703,793)	(3,305,418)	(104,159)
Depreciation for the year	(219,667)	(293,920)	(78,000)
Depreciation and impairment losses on assets disposed of	(1,056,366)	(63,464)	0
Reversal regarding disposals	46,760,158	3,368,881	104,159
Depreciation and impairment losses end of year	**(219,668)**	**(293,921)**	**(78,000)**
Carrying amount end of year	**2,010,332**	**1,581,716**	**702,000**

8 Financial assets

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	486,285	1,050	0
Additions	0	0	327,000
Cost end of year	**486,285**	**1,050**	**327,000**
Revaluations beginning of year	16,328,626	0	0
Share of profit/loss for the year	7,161,314	0	0
Revaluations end of year	**23,489,940**	**0**	**0**
Carrying amount end of year	**23,976,225**	**1,050**	**327,000**

Included in income in investments in group enterprises in 2023 is a reversal of DKK 42.134 thousands regarding previous years impairment of group receivables, due to a new capital structure in the group.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Nordmark Properties ApS	Sæby	ApS	100.00
Nordmark GmbH	Cuxhaven	GmbH	100.00

9 Contract work in progress

	2023 DKK	2021/22 DKK
Contract work in progress	0	3,488,184
Progress billings regarding contract work in progress	0	(1,299,810)
	0	**2,188,374**

10 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK
Lease liabilities	1,339,806
	1,339,806

Outstanding debt after 5 years amounts to 0 DKK.

11 Unrecognised rental and lease commitments

The Entity has entered agreements of leasing machines with an annual lease cost of 536 t.DKK. The contracts are irredeemable for up to 44 months and have an outstanding commitment of 1,848 t.DKK.

The Entity has entered an agreement of lease of premises with an annual cost of 258 t.DKK. The contract is irredeemable for up to 60 months and have an outstanding commitment of 1,289 t.DKK.

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where CC North Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Assets charged and collateral

Bank loans are secured by way of a deposisted floating charge registered to the mortgagor on assets of 12,000 t.DKK nominal. The mortgage contains trade receivables, inventories, other fixtures and fittings, tools and equipment, plant and machinery and leasehold improvements amounting to 5,259 t.DKK.

The company guarantees jointly and severally for bank loans in Nordmark GmbH. The bank loans in Nordmark GmbH amounts to 16,881 t.DKK as of the 31 December 2023.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Nordmark Group Holding ApS, CVR No. 43051180

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 a few 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(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

As a resultat of a new group structure, the financial year was in 2021/22 changed to 31.12, which resultat in an extended accounting period of 18 months for the financial year 2021/22. The financial year 2023 comprises a period of 12 months.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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.

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. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's normal 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, and 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 and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant 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.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

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, and 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, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

	Useful life
Plant and machinery	10 år
Other fixtures and fittings, tools and equipment	3-10 år
Leasehold improvements	10 år

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. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price 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.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.