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# ***Menzies Aviation (Denmark) A/S***

c/o Terminalgade 1, Copenhagen Airport, DK-2770  
Kastrup

## **Annual Report for 1 January - 31 December 2021**

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CVR No 36 48 46 16

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
3 /6 2022

Miguel-Einar Gomez  
Sjunnesson  
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 Menzies Aviation (Denmark) A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

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

Kastrup, 3 June 2022

## **Executive Board**

Jesper Juan Anders Fredmark  
Executive Officer

## **Board of Directors**

Miguel-Einar Gomez Sjunnesson  
Chairman

Neil John Freeman

Jesper Juan Anders Fredmark

Pooja Gulati

# Independent Auditor's Report

To the Shareholder of Menzies Aviation (Denmark) A/S

## Opinion

We have audited the Financial Statements of Menzies Aviation (Denmark) A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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.

## 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 eco-

# Independent Auditor's Report

nommic 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.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report**

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, we conclude that the 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 of the Management's review.

Frederiksberg, 3 June 2022

**EY**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

Kim Thomsen

statsautoriseret revisor

mne26736

## **Company Information**

### **The Company**

Menzies Aviation (Denmark) A/S  
c/o Terminalgade 1  
Copenhagen Airport  
DK-2770 Kastrup

CVR No: 36 48 46 16

Financial period: 1 January - 31 December

Incorporated: 12 January 2015

Municipality of reg. office: Tårnby

### **Board of Directors**

Miguel-Einar Gomez Sjunnesson, Chairman  
Neil John Freeman  
Jesper Juan Anders Fredmark  
Pooja Gulati

### **Executive Board**

Jesper Juan Anders Fredmark

### **Auditors**

EY  
Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
DK-2000 Frederiksberg

## Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	86.381	54.630	194.560	187.062	156.512
Operating profit/loss	-17.512	-56.592	-846	-884	1.286
Net financials	-1.700	-1.230	-1.584	-1.051	-923
Net profit/loss for the year	-10.073	-36.723	-1.935	-1.439	371
<b>Balance sheet</b>					
Balance sheet total	49.512	50.268	75.097	87.292	68.525
Equity	-48.226	-38.154	-1.431	504	1.943
Investment in property, plant and equipment	502	56	301	5.835	38
Number of employees	146	60	389	392	253
<b>Ratios</b>					
Return on assets	-5,6%	-90,4%	-1,1%	-1,0%	1,9%
Solvency ratio	-97,4%	-75,9%	-1,9%	0,6%	2,8%
Return on equity	23,3%	185,5%	417,5%	-117,6%	21,1%



# Management's Review

## Key activities

The Company provides passenger, ramp and cargo handling services in Copenhagen Airport.

## Development in the year

The income statement of the Company for 2021 shows a loss of TDKK 10,073, and at 31 December 2021 the balance sheet of the Company shows negative equity of TDKK 48,226.

2021 income statement includes the government subsidy of TDKK 14,758.

Deferred tax provision has been reduced to TDKK 3,516 after taking income statement for the year 2022-2024

## The past year and follow-up on development expectations from last year

The Company did not perform as well as has had been initially planned during the year. However the overall result was acceptable considering operations only commencing in 2015.

## Targets and expectations for the year ahead

We are expecting profit in the Year 2022 due to increase in volume and new customers.

Expectation is to achieve profit of TDKK 1,552.

## Unusual events

Menzies Aviation Denmark A/S, which provides services to the aviation industry, is affected by COVID-19 (Corona virus) with registered revenue reductions. There is material uncertainty associated with the consequences of the Covid-19 pandemic and thus the uncertainty with regards to when the activity level will increase to a higher level.

The Parent Company provide Menzies Aviation Denmark A/S with comfort in respect of the provision of financial support to Menzies Aviation Denmark A/S by John Menzies plc, to assist Menzies Aviation Denmark A/S in meeting liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities.

John Menzies plc confirm that we have the ability to provide such support and will provide this support to Menzies Aviation Denmark A/S, to the extent outlined above until 30 June 2023.

## Subsequent events

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

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Gross profit/loss</b>		<b>86.381</b>	<b>54.630</b>
Staff expenses	3	-88.033	-98.815
Depreciation and impairment of property, plant and equipment	4	<u>-1.102</u>	<u>-1.264</u>
<b>Profit/loss before financial income and expenses</b>		<b>-2.754</b>	<b>-45.449</b>
Financial income		53	53
Financial expenses	5	<u>-1.753</u>	<u>-1.283</u>
<b>Profit/loss before tax</b>		<b>-4.454</b>	<b>-46.679</b>
Tax on profit/loss for the year	6	<u>-5.619</u>	<u>9.956</u>
<b>Net profit/loss for the year</b>		<u><b>-10.073</b></u>	<u><b>-36.723</b></u>

## Balance Sheet 31 December

### Assets

	Note	2021 TDKK	2020 TDKK
Plant and machinery		12.189	12.738
Other fixtures and fittings, tools and equipment		139	190
<b>Property, plant and equipment</b>	7	<b>12.328</b>	<b>12.928</b>
Deposits		857	857
<b>Fixed asset investments</b>	8	<b>857</b>	<b>857</b>
<b>Fixed assets</b>		<b>13.185</b>	<b>13.785</b>
Trade receivables		23.498	7.616
Receivables from group enterprises		3.659	3.164
Other receivables		1.311	1.083
Deferred tax asset	12	3.516	9.136
Corporation tax		3	3
Prepayments	9	934	1.891
<b>Receivables</b>		<b>32.921</b>	<b>22.893</b>
<b>Cash at bank and in hand</b>		<b>3.406</b>	<b>13.590</b>
<b>Currents assets</b>		<b>36.327</b>	<b>36.483</b>
<b>Assets</b>		<b>49.512</b>	<b>50.268</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital	10	500	500
Retained earnings		-48.726	-38.654
<b>Equity</b>		<b>-48.226</b>	<b>-38.154</b>
Other payables		0	13.367
<b>Long-term debt</b>	13	<b>0</b>	<b>13.367</b>
Trade payables		2.966	1.652
Payables to group enterprises		75.511	54.881
Other payables	13	19.261	18.522
<b>Short-term debt</b>		<b>97.738</b>	<b>75.055</b>
<b>Debt</b>		<b>97.738</b>	<b>88.422</b>
<b>Liabilities and equity</b>		<b>49.512</b>	<b>50.268</b>

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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	-38.653	-38.153
Net profit/loss for the year	0	-10.073	-10.073
<b>Equity at 31 December</b>	<b>500</b>	<b>-48.726</b>	<b>-48.226</b>

# Notes to the Financial Statements

## 1 Unusual events

Menzies Aviation Denmark A/S, which provides services to the aviation industry, is affected by COVID-19 (Corona virus) with registered revenue reductions. There is material uncertainty associated with the consequences of the Covid-19 pandemic and thus the uncertainty with regards to when the activity level will increase to a higher level.

The Parent Company provide Menzies Aviation Denmark A/S with comfort in respect of the provision of financial support to Menzies Aviation Denmark A/S by John Menzies plc, to assist Menzies Aviation Denmark A/S in meeting liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities.

John Menzies plc confirm that we have the ability to provide such support and will provide this support to Menzies Aviation Denmark A/S, to the extent outlined above until 30 June 2023.

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>2 Other operating income</b>		
Government support/aid regarding fixed costs	14.758	11.143
	<b>14.758</b>	<b>11.143</b>
<b>3 Staff expenses</b>		
Wages and salaries	80.337	89.293
Pensions	5.900	7.159
Other social security expenses	356	434
Other staff expenses	1.440	1.929
	<b>88.033</b>	<b>98.815</b>
<b>Average number of employees</b>	<b>146</b>	<b>60</b>

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

## Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>	
<b>4 Depreciation and impairment of property, plant and equipment</b>			
Depreciation of property, plant and equipment	1.102	1.264	
	<b>1.102</b>	<b>1.264</b>	
<b>5 Financial expenses</b>			
Interest paid to group enterprises	1.336	928	
Other financial expenses	417	355	
	<b>1.753</b>	<b>1.283</b>	
<b>6 Tax on profit/loss for the year</b>			
Current tax for the year	0	0	
Deferred tax for the year	5.643	-10.037	
Adjustment of tax concerning previous years	0	1	
Adjustment of deferred tax concerning previous years	-24	80	
	<b>5.619</b>	<b>-9.956</b>	
<b>7 Property, plant and equipment</b>			
	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 January	18.058	1.206	19.264
Additions for the year	502	0	502
Cost at 31 December	18.560	1.206	19.766
Impairment losses and depreciation at 1 January	5.320	1.016	6.336
Depreciation for the year	1.051	51	1.102
Impairment losses and depreciation at 31 December	6.371	1.067	7.438
<b>Carrying amount at 31 December</b>	<b>12.189</b>	<b>139</b>	<b>12.328</b>

## Notes to the Financial Statements

### 8 Fixed asset investments

	Deposits TDKK
Cost at 1 January	857
Cost at 31 December	857
<b>Carrying amount at 31 December</b>	<b>857</b>

### 9 Prepayments

Prepayments consist of prepaid expenses incurred concerning subsequent financial years.

### 10 Equity

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

	2021 TDKK	2020 TDKK
<b>11 Distribution of profit</b>		
Retained earnings	-10.073	-36.723
	<b>-10.073</b>	<b>-36.723</b>

### 12 Deferred tax asset

Deferred tax asset at 1 January	9.136	-46
Amounts recognised in the income statement for the year	-5.643	10.037
Amounts recognised in the income statement for previous years and utilization of losses in the joint taxation	23	-855
<b>Deferred tax asset at 31 December</b>	<b>3.516</b>	<b>9.136</b>

Deffered tax asset consist of significant time differences of property, plant and equipment, provisions and losses carried forward which are realisable within a foreseeable future.



# Notes to the Financial Statements

## 13 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:

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Other payables</b>		
After 5 years	0	13.367
Long-term part	0	13.367
Other short-term payables	19.261	18.522
	<b><u>19.261</u></b>	<b><u>31.889</u></b>

## 14 Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

During the financial year, the company recognized subsidies from the Covid-19 government support packages as income. As the Danish Business Authority has not yet carried out the final inspection of the basis for the subsidy, it cannot be ruled out that a share of the recognized subsidy will be rejected. If this goes against management's expectations, it will result in a cost in the following financial year. It is not possible to calculate the exact amount, but the government support received amounts to a total of DKK 14,758,195, cf. note 2 on other operating income.

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 as the Company 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 and tax royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 15 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Menzies Aviation Plc., United Kingdom	Parent Company

### Transactions

Menzies Aviation Denmark AS has had the following transactions with related parties:

Sale of goods/services to group entities TDKK 139 (2020 TDKK 3)

Purchase of goods/services from group entities TDKK 10,678 (2020 TDKK 5,393)

Interests expenses to group entities TDKK 1,336 (2020 TDKK 928)

Management Fee from group enterprises TDKK 3,886 (2020 TDKK 2,432)

IT Recharge from group enterprises TDKK 1,425 (2020 TDKK 1,178)

Receivables from group enterprises TDKK 3,659 (2020 TDKK 3,164)

Payables to group enterprises TDKK 75,511 (2020 TDKK 54,881)

### Consolidated Financial Statements

The company is included in the group annual report of:

Name	Place of registered office
John Menzies Plc. (largest group)	Edinburgh, United Kingdom
Menzies Aviation Plc. (smallest group)	Hounslow, United Kingdom

The Group Annual Report of John Menzies Plc. (largest group) may be obtained at the following address:

[www.johnmenziesplc.com](http://www.johnmenziesplc.com)

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of Menzies Aviation (Denmark) A/S for 2021 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 are presented in TDKK.

### 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 John Menzies Plc., 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.

### 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.

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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Income Statement

#### Revenue

Income from the sale of services is recognised in revenue when the service has been carried out and the revenue can be reliably measured. Revenue from fixed fee contracts is typically recognised over the term of the contract.

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

#### Expenses for goods, services and consumables

Expenses for goods, services and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise cost for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

#### Gross profit/loss

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

#### Staff expenses

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

#### Depreciation and impairment losses

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

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

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

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

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

Plant and machinery	3-20	years
Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation. Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

### Fixed asset investments

Fixed asset investments consist of Deposits. Deposits is measured at cost.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### 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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

### Liabilities

Financial liabilities comprising amounts owed to trade payables and payables to group enterprises are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value, which is typically nominal value.

## Financial Highlights

### Explanation of financial ratios

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