



Turf Tank ApS

Farøvej 31
9800 Hjørring
CVR No. 36722436

Annual report 2020

The Annual General Meeting adopted the
annual report on 16.07.2021

Kris Sørensen

Chairman of the General Meeting

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Entity details

Entity

Turf Tank ApS

Farøvej 31

9800 Hjørring

CVR No.: 36722436

Registered office: Hjørring

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Mikkel Klitgaard Jacobsen, Chairman of the Board

Erwin Kronborg Tøt

Johnny Laursen

Executive Board

Kris Winther Sørensen, direktør

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 Turf Tank ApS for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Hjørring, 16.07.2021

Executive Board

Kris Winther Sørensen
direktør

Board of Directors

Mikkel Klitgaard Jacobsen
Chairman of the Board

Erwin Kronborg Tøt

Johnny Laursen

Independent auditor's report

To the shareholders of Turf Tank ApS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Turf Tank ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- 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.

Report on other legal and regulatory requirements and other reporting responsibilities**Violation of company law and similar legislation**

The Company has submitted an erroneous application for wage compensation, which conflicts with the Executive Order on the Wage Compensation Scheme for which Management may be held liable.

Aalborg, 16.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Simoni Mortensen

State Authorised Public Accountant
Identification No (MNE) mne45826

Management commentary

Primary activities

The company's activity consists of the production, development and sale of autonomous line marking robots for sports fields. Turf Tank is the company behind the world's first, and current most well-known, and market-leading, autonomous line marking robot.

Description of material changes in activities and finances

Despite the pandemic's impact on the market, management considers the result for the year to be satisfactory. The company got off to a great start in January and February but covid-19 in March meant the closure of sports activities in many countries and which led to canceled orders and postponement of investments.

Exchange rate adjustments

As a result of falling dollar exchange rates, the result for the year was negatively affected by TDKK 1,440 before tax.

Uncertainty relating to recognition and measurement

The value of the recognized development projects and the deferred tax asset depends on the Company's ability to continue developing its autonomous line marking robots, as well as attracting enough customers to generate positive earnings that could yield the total investment.

The management believes that the company will succeed in doing so in the coming years.

The company has recognized receivables from group enterprises of DKK 15,6 million as at 31 December 2020. Management have prepared a cash flow estimate for the entities based on a 6 year forecast horizon.

The recorded receivables from group enterprises are sensitive to changes in the assumptions applied including forecast and budgets applied. If the used assumptions differs significantly from expectations, it may prove necessary to record a not insignificant write-down of receivables.

Events after the balance sheet date

After the balance sheet date, the company has contributed DKK 20 million in new equity. The capital increase is registered 26 January 2021 (DKK 10 million) and 24 April 2021 (DKK 10 million).

No events have occurred after the end of the financial year of material importance for the company's financial position.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	2	4,762,729	1,406,785
Staff costs	3	(7,532,541)	(5,903,452)
Depreciation, amortisation and impairment losses	4	(3,130,987)	(1,208,759)
Operating profit/loss		(5,900,799)	(5,705,426)
Other financial income	5	138,888	26,287
Other financial expenses	6	(3,474,836)	(524,903)
Profit/loss before tax		(9,236,747)	(6,204,042)
Tax on profit/loss for the year	7	1,642,510	1,348,722
Profit/loss for the year		(7,594,237)	(4,855,320)
Proposed distribution of profit and loss			
Retained earnings		(7,594,237)	(4,855,320)
Proposed distribution of profit and loss		(7,594,237)	(4,855,320)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	9	8,950,161	7,940,195
Acquired intangible assets		993,906	696,752
Development projects in progress	9	840,796	0
Intangible assets	8	10,784,863	8,636,947
Other fixtures and fittings, tools and equipment		13,783,141	5,826,138
Leasehold improvements		1,264,426	1,630,148
Property, plant and equipment	10	15,047,567	7,456,286
Investments in group enterprises		1,381,157	25,500
Receivables from group enterprises		15,624,653	8,925,483
Deposits		339,785	255,000
Financial assets	11	17,345,595	9,205,983
Fixed assets		43,178,025	25,299,216
Raw materials and consumables		5,432,368	4,184,851
Work in progress		1,759,932	296,816
Manufactured goods and goods for resale		7,976,823	3,511,659
Inventories		15,169,123	7,993,326
Trade receivables		999,206	1,232,251
Deferred tax		2,139,335	1,147,490
Other receivables		1,128,368	1,309,501
Income tax receivable		650,665	370,425
Prepayments		143,239	152,509
Receivables		5,060,813	4,212,176
Cash		362,860	2,973,102
Current assets		20,592,796	15,178,604
Assets		63,770,821	40,477,820

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		1,838,566	1,500,000
Reserve for development expenditure		8,028,421	6,246,224
Retained earnings		22,513,041	6,497,025
Equity		32,380,028	14,243,249
Subordinate loan capital		0	9,269,567
Other payables		19,877,413	9,747,940
Deferred income		1,044,047	1,218,054
Non-current liabilities other than provisions	12	20,921,460	20,235,561
Current portion of non-current liabilities other than provisions	12	174,008	174,008
Bank loans		4,357,893	0
Trade payables		2,959,680	3,345,661
Payables to group enterprises		21,025	33,705
Other payables	13	1,957,258	1,583,693
Deferred income		999,469	861,943
Current liabilities other than provisions		10,469,333	5,999,010
Liabilities other than provisions		31,390,793	26,234,571
Equity and liabilities		63,770,821	40,477,820
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,500,000	5,207,874	7,535,375	14,243,249
Corrections of material errors	0	1,038,350	(1,038,350)	0
Adjusted equity, beginning of year	1,500,000	6,246,224	6,497,025	14,243,249
Increase of capital	338,566	0	25,392,450	25,731,016
Transfer to reserves	0	1,782,197	(1,782,197)	0
Profit/loss for the year	0	0	(7,594,237)	(7,594,237)
Equity end of year	1,838,566	8,028,421	22,513,041	32,380,028

The capital is in 2021 increased by DKK 286k nominal, whereby equity has been increased by a total of DKK 20 million.

Notes

1 Uncertainty relating to recognition and measurement

The value of the recognized development projects and the deferred tax asset depends on the Company's ability to continue developing its autonomous line marking robots, as well as attracting enough customers to generate positive earnings that could yield the total investment.

The management believes that the company will succeed in doing so in the coming years.

The company has recognized receivables from group enterprises of DKK 15,6 million as at 31 December 2020. Management have prepared a cash flow estimate for the entities based on a 6 year forecast horizon.

The recorded receivables from group enterprises are sensitive to changes in the assumptions applied including forecast and budgets applied. If the used assumptions differs significantly from expectations, it may prove necessary to record a not insignificant write-down of receivables.

2 Gross profit/loss

Gross loss for the year is affected by the recognition of government compensation due to COVID-19. The company has recognized 647 TDKK in the financial year from salary compensation received from the government.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	8,974,939	6,438,233
Pension costs	489,417	41,448
Other social security costs	105,799	73,767
Other staff costs	720,978	228,756
	10,291,133	6,782,204
Staff costs classified as assets	(2,758,592)	(878,752)
	7,532,541	5,903,452
Average number of full-time employees	19	10

4 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	1,240,940	932,374
Depreciation of property, plant and equipment	1,893,704	374,619
Profit/loss from sale of intangible assets and property, plant and equipment	(3,657)	(98,234)
	3,130,987	1,208,759

5 Other financial income

	2020 DKK	2019 DKK
Other interest income	17,604	646
Exchange rate adjustments	121,284	25,641
	138,888	26,287

6 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from associates	577,055	282,571
Other interest expenses	1,336,085	147,928
Exchange rate adjustments	1,561,696	94,404
	3,474,836	524,903

7 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	(1,642,510)	(1,348,722)
	(1,642,510)	(1,348,722)

8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	10,228,261	910,071	0
Additions	2,116,770	431,290	840,796
Cost end of year	12,345,031	1,341,361	840,796
Amortisation and impairment losses beginning of year	(2,288,066)	(213,319)	0
Amortisation for the year	(1,106,804)	(134,136)	0
Amortisation and impairment losses end of year	(3,394,870)	(347,455)	0
Carrying amount end of year	8,950,161	993,906	840,796

9 Development projects

The development projects of the enterprise comprise the development of autonomous line marking robots for sports fields. The development projects in progress proceed as planned and are expected to be completed within 1-3 years.

The development project includes development of robotic line makers. The product developments are used by the Company to sell robotic line makers to customers. The development projects are continuously developed by the Company. The management is of the opinion that it is technically possible to complete the development projects and intends to do so.

The management has not identified indication of impairment of the recognised projects.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	6,111,884	1,784,657
Additions	10,161,074	67,297
Disposals	(768,047)	(129,529)
Cost end of year	15,504,911	1,722,425
Depreciation and impairment losses beginning of year	(285,746)	(154,509)
Depreciation for the year	(1,529,490)	(364,214)
Depreciation and impairment losses on assets disposed of	93,466	60,724
Depreciation and impairment losses end of year	(1,721,770)	(457,999)
Carrying amount end of year	13,783,141	1,264,426

11 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	25,500	255,000
Additions	1,355,657	84,785
Cost end of year	1,381,157	339,785
Carrying amount end of year	1,381,157	339,785

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Turf Tank USA ApS	Denmark	ApS	100
- Turf Tank Inc	United States	Inc	100

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Other payables	0	0	19,877,413	9,433,350
Deferred income	174,008	174,008	1,044,047	348,016
	174,008	174,008	20,921,460	9,781,366

13 Other payables

	2020 DKK	2019 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	933,923	1,235,536
Holiday pay obligation	798,904	347,857
Other costs payable	224,431	300
	1,957,258	1,583,693

14 Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity totals 2,030 TDKK.

15 Contingent liabilities

In connection with the sales of autonomus line marking robots the Company has provided normal warranty and repair obligations.

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

16 Assets charged and collateral

A floating charge of a nominal amount of 25,668 TDKK has been provided as security for bank loans and Vaekstfonden covering the Company's goodwill, domain names and rights protected by the Danish Consolidate Patents Act, the Danish Consolidate Trademark Act, the Danish Consolidate Designs Act, the Danish Utility Models Act, the Danish Patterns Act, the Danish Copyright Act and the Danish Act on Protection of the Design of Semiconductor Products (topography), operating equipment and unsecured claims relating to the sale of goods and services, also including inventories of raw materials, semi-manufactures and finished goods as well as vehicles that are not or have not previously been registered.

The carrying amount of charged assets amounts to 41,808 TDKK.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year. A few items, however, have been changed by reclassifications, see below paragraph.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Material errors in previous years

In the annual report for 2019, the company has offset public grants in completed development projects. This is in violation with the set-off prohibition in section 13 (1) of the Annual Accounts Act. 1, No. 8.

Grants amount to 1,392 TDKK and is a significant misstatement in the 2019 financial statement.

As a result, the error has been corrected in 2019, whereby completed development projects have changed by 1,392 TDKK, so that the item is 10,228 TDKK in 2019, against previously recognized 8,488 TDKK. The grant is similarly recognized in 2019 as prepayment (liability) with (1,392) TDKK against previously recognized 0 DKK.

Furthermore, other items has been corrected in 2019: gross profit/loss, staff costs, depreciations, financial expenses, other fixtures and fittings, receivables from group enterprises, raw materiales, work in progress, manufactured goods, trade receivables, other payables, deferred income, current portion og non-current liabilities, payables to group enterprises and trade payable

The corrections does not have a profit, tax or equity effect.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Revenue from the sale of leases is recognised over the contract period.

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 ordinary inventory writedowns.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages, 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 property, plant and equipment.

Other financial income

Other financial income comprises interest income, 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, 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.

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

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and costs that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement. The amortisation periods used are 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct of materials, components, subsuppliers and labour costs.

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Receivables

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

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 and direct labour costs.

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

Deferred tax

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

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

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 financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.