

## KK Wind Solutions Service A/S

Bøgildvej 3  
7430 Ikast  
CVR No. 36922796

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 16.04.2020

A handwritten signature in blue ink, appearing to read 'Allan Gabriel Zandberg', written over a horizontal line.

**Allan Gabriel Zandberg**  
Chairman



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# Entity details

## Entity

KK Wind Solutions Service A/S

Bøgildvej 3

7430 Ikast

CVR No.: 36922796

Registered office: Ikast-Brande

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Søren Bæk Just, Chairman

Chlinton Arendahl Nielsen

Lars Hveggholm Christensen

Michael Nøddebo Nielsen

## Executive Board

Chlinton Arendahl Nielsen, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of KK Wind Solutions Service A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Ikast, 16. April 2020

## Executive Board



**Chlinton Arendahl Nielsen**  
CEO

## Board of Directors



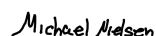
**Søren Bæk Just**  
Chairman



**Lars Hvegholm Christensen**



**Chlinton Arendahl Nielsen**



**Michael Nøddebo Nielsen**

# Independent auditor's report

## To the shareholder of KK Wind Solutions Service A/S

### Opinion

We have audited the financial statements of KK Wind Solutions Service A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- 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.

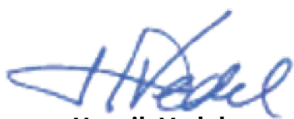
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 16. April 2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



**Henrik Vedel**

State Authorised Public Accountant

Identification No (MNE) mne10052



**Jacob Tækker Nørgaard**

State Authorised Public Accountant

Identification No (MNE) mne40049

# Management commentary

## Primary activities

KK Wind Solutions Service A/S' activities include the sale of spare parts and services related to field services, installation, engineering, retrofit, repairs, technical support etc. within the wind industry.

Activities are managed from the head office in Ikast and Kansas, USA.

The company has been operating since 15 October 2015 where the service activities of the sister company KK Wind Solutions A/S were transferred to KK Wind Solutions Service A/S.

## Development in activities and finances

The financial year was characterized by a challenged market situation, of which the company has adapted its capacity over the recent years. Despite the troubled market situation, the company successfully produced and delivered advanced retrofit solutions supporting the growth in the company.

## Profit/loss for the year in relation to expected developments

KK Wind Solutions Service achieved a result of DKK 12,882 k after tax in the 2019 financial year against a profit of DKK 5,563 k after tax in 2018.

## Events after the balance sheet date

Since the balance sheet date, the world has been severely hit by the global spreading of the COVID 19 pandemic. The many initiatives done globally to contain, control and minimize the impact of the virus will potentially influence the ability of the KK Group, including KK Wind Solutions Service A/S, to procure and assemble the systems ordered or forecasted by the customers.

The potential impact of COVID 19 is not possible to assess and highly dependent on the time it takes the world and the different countries to harness the virus and how long before the economy rebounds. The primary risks for KK are lack of deliveries of critical components from sub suppliers, long term shutdown of KK factories by governmental decree or delay in customer projects.



# Income statement for 2019

|   | Notes | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|-------|-----------------|-----------------|
| <b>Gross profit/loss</b>                        |       | <b>37,306</b>   | <b>30,139</b>   |
| Distribution costs                              |       | (10,275)        | (11,343)        |
| Administrative expenses                         |       | (10,272)        | (11,472)        |
| Other operating expenses                        |       | (338)           | 0               |
| <b>Operating profit/loss</b>                    |       | <b>16,421</b>   | <b>7,324</b>    |
| Other financial income                          | 3     | 555             | 329             |
| Other financial expenses                        | 4     | (461)           | (520)           |
| <b>Profit/loss before tax</b>                   |       | <b>16,515</b>   | <b>7,133</b>    |
| Tax on profit/loss for the year                 | 5     | (3,633)         | (1,570)         |
| <b>Profit/loss for the year</b>                 |       | <b>12,882</b>   | <b>5,563</b>    |
| <b>Proposed distribution of profit and loss</b> |       |                 |                 |
| Retained earnings                               |       | 12,882          | 5,563           |
| <b>Proposed distribution of profit and loss</b> |       | <b>12,882</b>   | <b>5,563</b>    |

# Balance sheet at 31.12.2019

## Assets

|  | Notes | 2019<br>DKK'000 | 2018<br>DKK'000 |
|--|-------|-----------------|-----------------|
| Goodwill   |       | 3,125           | 5,625           |
| <b>Intangible assets</b>                         | 6     | <b>3,125</b>    | <b>5,625</b>    |
| Other fixtures and fittings, tools and equipment |       | 947             | 1,713           |
| <b>Property, plant and equipment</b>             | 7     | <b>947</b>      | <b>1,713</b>    |
| Investments in group enterprises                 |       | 0               | 0               |
| <b>Other financial assets</b>                    | 8     | <b>0</b>        | <b>0</b>        |
| <b>Fixed assets</b>                              |       | <b>4,072</b>    | <b>7,338</b>    |
| Manufactured goods and goods for resale          |       | 0               | 581             |
| <b>Inventories</b>                               |       | <b>0</b>        | <b>581</b>      |
| Trade receivables                                |       | 11,303          | 7,583           |
| Contract work in progress                        | 9     | 2,956           | 1,121           |
| Receivables from group enterprises               |       | 16,304          | 79,670          |
| Deferred tax                                     | 10    | 117             | 117             |
| Other receivables                                |       | 3,503           | 5               |
| <b>Receivables</b>                               |       | <b>34,183</b>   | <b>88,496</b>   |
| <b>Cash</b>                                      |       | <b>4,962</b>    | <b>1,040</b>    |
| <b>Current assets</b>                            |       | <b>39,145</b>   | <b>90,117</b>   |
| <b>Assets</b>                                    |       | <b>43,217</b>   | <b>97,455</b>   |

**Equity and liabilities**

|  | Notes | 2019<br>DKK'000 | 2018<br>DKK'000 |
|--|-------|-----------------|-----------------|
| Contributed capital  |       | 1,000           | 1,000           |
| Retained earnings  |       | 25,607          | 12,725          |
| <b>Equity</b>  |       | <b>26,607</b>   | <b>13,725</b>   |
| Other provisions   |       | 1,321           | 4,082           |
| <b>Provisions</b>  |       | <b>1,321</b>    | <b>4,082</b>    |
| Finance lease liabilities  |       | 0               | 275             |
| <b>Non-current liabilities other than provisions</b>             |       | <b>0</b>        | <b>275</b>      |
| Current portion of non-current liabilities other than provisions |       | 361             | 113             |
| Bank loans   |       | 0               | 11,157          |
| Trade payables   |       | 518             | 1,696           |
| Payables to group enterprises                                    |       | 3,340           | 57,936          |
| Income tax payable   |       | 7,198           | 3,565           |
| Other payables   |       | 3,872           | 4,906           |
| <b>Current liabilities other than provisions</b>                 |       | <b>15,289</b>   | <b>79,373</b>   |
| <b>Liabilities other than provisions</b>                         |       | <b>15,289</b>   | <b>79,648</b>   |
| <b>Equity and liabilities</b>                                    |       | <b>43,217</b>   | <b>97,455</b>   |
| Events after the balance sheet date                              | 1     |                 |                 |
| Staff costs  | 2     |                 |                 |
| Unrecognised rental and lease commitments                        | 11    |                 |                 |
| Contingent liabilities   | 12    |                 |                 |
| Assets charged and collateral                                    | 13    |                 |                 |
| Group relations  | 14    |                 |                 |



# Statement of changes in equity for 2019

|                           | Contributed<br>capital<br>DKK'000 | Retained<br>earnings<br>DKK'000 | Total<br>DKK'000 |
|---------------------------|-----------------------------------|---------------------------------|------------------|
| Equity beginning of year  | 1,000                             | 12,725                          | 13,725           |
| Profit/loss for the year  | 0                                 | 12,882                          | 12,882           |
| <b>Equity end of year</b> | <b>1,000</b>                      | <b>25,607</b>                   | <b>26,607</b>    |

# Notes

## 1 Events after the balance sheet date

Since the balance sheet date, the world has been severely hit by the global spreading of the COVID 19 pandemic. The many initiatives done globally to contain, control and minimize the impact of the virus will potentially influence the ability of the KK Group, including KK Wind Solutions Service A/S, to procure and assemble the systems ordered or forecasted by the customers.

The potential impact of COVID 19 is not possible to assess and highly dependent on the time it takes the world and the different countries to harness the virus and how long before the economy rebounds. The primary risks for KK are lack of deliveries of critical components from sub suppliers, long term shutdown of KK factories by governmental decree or delay in customer projects.

## 2 Staff costs

|                                       | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---------------------------------------|-----------------|-----------------|
| Wages and salaries                    | 14,387          | 17,723          |
| Pension costs                         | 1,157           | 1,428           |
| Other social security costs           | 261             | 258             |
| Other staff costs                     | 2,950           | 1,867           |
|                                       | <b>18,755</b>   | <b>21,276</b>   |
| Average number of full-time employees | <b>22</b>       | <b>27</b>       |

## 3 Other financial income

|   | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|-----------------|-----------------|
| Financial income from group enterprises | 11              | 0               |
| Other interest income                   | 3               | 0               |
| Exchange rate adjustments               | 541             | 329             |
|   | <b>555</b>      | <b>329</b>      |

## 4 Other financial expenses

|                           | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---------------------------|-----------------|-----------------|
| Other interest expenses   | 72              | 360             |
| Exchange rate adjustments | 389             | 160             |
|                           | <b>461</b>      | <b>520</b>      |

## 5 Tax on profit/loss for the year

|                        | 2019<br>DKK'000 | 2018<br>DKK'000 |
|------------------------|-----------------|-----------------|
| Current tax            | 3,633           | 575             |
| Change in deferred tax | 0               | 995             |
|                        | <b>3,633</b>    | <b>1,570</b>    |

## 6 Intangible assets

|   | Goodwill<br>DKK'000 |
|---|---------------------|
| Cost beginning of year                                | 12,500              |
| <b>Cost end of year</b>                               | <b>12,500</b>       |
| Amortisation and impairment losses beginning of year  | (6,875)             |
| Amortisation for the year                             | (2,500)             |
| <b>Amortisation and impairment losses end of year</b> | <b>(9,375)</b>      |
| <b>Carrying amount end of year</b>                    | <b>3,125</b>        |

## 7 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK'000 |
|---|--|
| Cost beginning of year                                | 4,773  |
| Additions   | 564  |
| Disposals   | (538)  |
| <b>Cost end of year</b>                               | <b>4,799</b>   |
| Depreciation and impairment losses beginning of year  | (3,061)  |
| Depreciation for the year                             | (1,006)  |
| Reversal regarding disposals                          | 215  |
| <b>Depreciation and impairment losses end of year</b> | <b>(3,852)</b>   |
| <b>Carrying amount end of year</b>                    | <b>947</b>   |

## 8 Financial assets

|                                      | Investments in<br>group<br>enterprises<br>DKK'000 |
|--------------------------------------|---|
| Cost beginning of year               | 1   |
| <b>Cost end of year</b>              | <b>1</b>  |
| Impairment losses beginning of year  | (1)   |
| <b>Impairment losses end of year</b> | <b>(1)</b>  |
| <b>Carrying amount end of year</b>   | <b>0</b>  |



| <b>Investments in subsidiaries</b> | <b>Registered in</b> | <b>Corporate form</b> | <b>Equity interest %</b> | <b>Equity DKK'000</b> |
|------------------------------------|----------------------|-----------------------|--------------------------|-----------------------|
| KK Wind Solutions Holding US Inc.  | Delaware, USA        | Inc.                  | 100                      | (3,020)               |

## 9 Contract work in progress

|   | <b>2019<br/>DKK'000</b> | <b>2018<br/>DKK'000</b> |
|---|-------------------------|-------------------------|
| Contract work in progress                             | 4,204                   | 16,989                  |
| Progress billings regarding contract work in progress | (1,248)                 | (15,868)                |
|   | <b>2,956</b>            | <b>1,121</b>            |

## 10 Deferred tax

| <b>Changes during the year</b> | <b>2019<br/>DKK'000</b> | <b>2018<br/>DKK'000</b> |
|--------------------------------|-------------------------|-------------------------|
| Beginning of year              | 117                     | 117                     |
| <b>End of year</b>             | <b>117</b>              | <b>117</b>              |

Deferred tax relates to intangible and tangible assets, inventories and other provisions.

## 11 Unrecognised rental and lease commitments

|  | <b>2019<br/>DKK'000</b> | <b>2018<br/>DKK'000</b> |
|--|-------------------------|-------------------------|
| Liabilities under rental or lease agreements until maturity in total | <b>3,188</b>            | <b>410</b>              |

## 12 Contingent liabilities

The Company participates in a Danish joint taxation arrangement with A.P. Møller Holding A/S, serving as the administration company. The Company joined the joint taxation unit in 2019. The Company is therefore jointly and severally liable for total income taxes of the other jointly taxed companies from 2019. The total net liability to the Danish tax authorities appears from the financial statements of A.P. Møller Holding A/S.

## 13 Assets charged and collateral

KK Wind Solutions Service A/S has issued a surety guarantee and pledged investments in subsidiaries for all balances with banks. The book value of debt to banks in the KKWSH ApS Group amounts to DKK 1.094.029 k.

## 14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
A.P. MØLLER OG HSTRU CHASTINE MC-KINNEY MØLLERS FOND TIL ALMENE FORMAAL, business registration no. 11666779.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
KK Wind Solutions Holding A/S, Ikast, Business Registration No. 39067048.

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statements are prepared by KK Wind Solutions Holding A/S, business registration no. 39067048 and A.P. MØLLER OG HUSTRU CHASTINE MC-KINNEY MØLLERS FOND TIL ALMENE FORMÅL, business registration no. 11666779.

## Non-comparability

The presentation of certain figures in the income statement and in the balance sheet has been changed in 2019 and the presentation of the comparable figures has been changed as well.

## 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 in-come statement as financial income or financial expenses.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, production costs and other operating income.

### **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).

### **Production costs**

Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

### **Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

### **Administrative expenses**

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### **Other operating expenses**

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

### **Other financial income**

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

### **Other financial expenses**

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



### **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**

#### **Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### **Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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 |
|--|-----------|

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.

#### **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.

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.

Each contract in progress is recognised in the balance sheet under 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 as well as 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.

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.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments and returns.

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.

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.

**Finance lease liabilities**

Lease commitments 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 commitments 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.

**Income tax receivable or payable**

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