

# Viking Trailers - Denmark A/S

Gøttrupvej 11, 6520 Toftlund

Company reg. no. 38 43 64 49

## Annual report

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 1 September 2020.

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**Benjamin Chavel-Schenk**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

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The board of directors and the managing director have today presented the annual report of Viking Trailers - Denmark A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Toftlund, 1 September 2020

### Managing Director

Benjamin Chavel-Schenk

### Board of directors

Benjamin Chavel-Schenk

Hans-Henrik Damgaard

Solene-Marie Chavel-Schenk

## Independent auditor's report

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### To the shareholder of Viking Trailers - Denmark A/S

#### Opinion

We have audited the annual accounts of Viking Trailers - Denmark A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainties concerning the enterprise's ability to continue as a going concern

At the time of the presentation of the financial statements, the company has not been able to document that it has sufficient funds to continue operations in the coming period. Please refer to note 1 for further details.

#### The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

## Independent auditor's report

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### **Auditor's responsibilities for the audit of the annual accounts**

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's report

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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 the internal control that we identify during our audit.

### Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aarhus, 1 September 2020

### Redmark

State Authorised Public Accountants  
Company reg. no. 29 44 27 89

### Morten Ryberg Nielsen

State Authorised Public Accountant  
mne33221

## Company information

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**The company**

Viking Trailers - Denmark A/S  
Gøttrupvej 11  
6520 Toftlund

Company reg. no. 38 43 64 49  
Financial year: 1 January - 31 December  
3rd financial year

**Board of directors**

Benjamin Chavel-Schenk  
Hans-Henrik Damgaard  
Solene-Marie Chavel-Schenk

**Managing Director**

Benjamin Chavel-Schenk

**Auditors**

Redmark  
Statsautoriseret Revisionspartnerselskab  
Sommervej 31C  
8210 Aarhus V

## Management commentary

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### **The principal activities of the company**

Like previous years, the principal activities are manufacturing of bodyworks for motor vehicles, manufacturing of trailers and related businesses.

### **Uncertainties concerning the enterprise's ability to continue as a going concern**

The rapid spread of the Corona virus in Denmark and the rest of the world in March 2020 closed down the company until midt 2020. Right now the company is back on track and perform better than budget. However at this time it is not possible to make a financial statement of the consequences of the outbreak of Coronavirus for the company.

For the company to be able to continue the operations in the coming period we still need the support from the bank and other lenders. At the time of submitting the annual report, no final commitment has been reached on continued financial support from the bank etc.

Based on the positive result the company have achieved over the summer 2020 the management expect to receive the needed financial support.

### **Development in activities and financial matters**

The gross loss for the year is DKK -756.000 against DKK -955.000 last year. The results from ordinary activities after tax are DKK -2.006.000 against DKK -2.269.000 last year.

It is the company's third financial year. The financial statements have been significantly affected by the company's development and approval of new trailers, which are expected to be ready for the market in the 2020 season. Furthermore the financial statement is affected by an unrecognized tax asset of T.DKK 821.

The management considers the result for 2019 not satisfactory, but sales for the first 7 months of the financial year 2020 is better than expected, and we expect that the operation will balance at the end of the current financial year.

The management expect to have sufficient funds to continue the operations.

### **Events subsequent to the financial year**

The Coronavirus (COVID 19) has had a direct impact on the company's revenue and liquidity after the end of the financial year. Please refer to note 1 for further details.



## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross loss</b>	<b>-755.557</b>	<b>-954.882</b>
2 Staff costs	-86.939	-408.644
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-106.012	-231.429
Other operating costs	-368.417	0
Research and development costs	-604.839	-414.502
<b>Operating profit</b>	<b>-1.921.764</b>	<b>-2.009.457</b>
Other financial income	0	126
3 Other financial costs	-217.634	-178.275
<b>Results before tax</b>	<b>-2.139.398</b>	<b>-2.187.606</b>
Tax on ordinary results	133.065	-81.699
<b>Net profit or loss for the year</b>	<b>-2.006.333</b>	<b>-2.269.305</b>
<b>Proposed appropriation of net profit:</b>		
Allocated from retained earnings	-2.006.333	-2.269.305
<b>Total allocations and transfers</b>	<b>-2.006.333</b>	<b>-2.269.305</b>

## Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Non-current assets</b>		
4 Goodwill	285.713	357.142
Total intangible assets	285.713	357.142
5 Other plants, operating assets, and fixtures and furniture	0	480.000
Total property, plant, and equipment	0	480.000
Other debtors	10.350	10.350
Total investments	10.350	10.350
<b>Total non-current assets</b>	<b>296.063</b>	<b>847.492</b>
<b>Current assets</b>		
Raw materials and consumables	1.271.691	946.211
Total inventories	1.271.691	946.211
Trade debtors	369.499	341.862
Receivable corporate tax	133.065	91.190
Accrued income and deferred expenses	0	3.650
Total receivables	502.564	436.702
Available funds	540	73.526
<b>Total current assets</b>	<b>1.774.795</b>	<b>1.456.439</b>
<b>Total assets</b>	<b>2.070.858</b>	<b>2.303.931</b>

## Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
6 Contributed capital	500.000	500.000
7 Retained earnings	-4.898.614	-2.892.282
<b>Total equity</b>	<b>-4.398.614</b>	<b>-2.392.282</b>
<b>Provisions</b>		
Other provisions	100.000	0
<b>Total provisions</b>	<b>100.000</b>	<b>0</b>
<b>Liabilities other than provisions</b>		
8 Bank debts	1.103.850	1.350.850
9 Debt to group enterprises	1.341.229	1.340.395
10 Other payables	325.000	650.000
Total long term liabilities other than provisions	2.770.079	3.341.245
Short-term part of long-term liabilities	665.000	418.000
Bank debts	471.580	0
Trade payables	1.250.286	527.584
Debt to group enterprises	167.650	168.000
Other payables	1.037.177	241.384
Accrued expenses and deferred income	7.700	0
Total short term liabilities other than provisions	3.599.393	1.354.968
<b>Total liabilities other than provisions</b>	<b>6.369.472</b>	<b>4.696.213</b>
<b>Total equity and liabilities</b>	<b>2.070.858</b>	<b>2.303.931</b>

**1 Uncertainties concerning the enterprise's ability to continue as a going concern**

**11 Charges and security**

**12 Contingencies**

## Notes

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All amounts in DKK.

	<u>2019</u>	<u>2018</u>
<b>1. Uncertainties concerning the enterprise's ability to continue as a going concern</b>		
The rapid spread of the Corona virus in Denmark and the rest of the world in March 2020 closed down the company until midt 2020. Right now the company is back on track and perform better than budget. However at this time it is not possible to make a financial statement of the consequences of the outbreak of Coronavirus for the company.		
For the company to be able to continue the operations in the coming period we still need the support from the bank and other lenders. At the time of submitting the annual report, no final commitment has been reached on continued financial support from the bank etc.		
The company expects to have sufficient funds available, why the accounts have been prepared on the assumption of going concern.		
<b>2. Staff costs</b>		
Salaries and wages	75.356	361.131
Pension costs	9.451	41.778
Other costs for social security	757	3.219
Other staff costs	<u>1.375</u>	<u>2.516</u>
	<b><u>86.939</u></b>	<b><u>408.644</u></b>
Average number of employees	<u>1</u>	<u>1</u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	27.663	26.529
Other financial costs	<u>189.971</u>	<u>151.746</u>
	<b><u>217.634</u></b>	<b><u>178.275</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>4. Goodwill</b>		
Cost 1 January 2019	500.000	500.000
<b>Cost 31 December 2019</b>	<b>500.000</b>	<b>500.000</b>
Amortisation and writedown 1 January 2019	-142.858	-71.429
Amortisation for the year	-71.429	-71.429
<b>Amortisation and writedown 31 December 2019</b>	<b>-214.287</b>	<b>-142.858</b>
<b>Book value 31 December 2019</b>	<b>285.713</b>	<b>357.142</b>
<b>5. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2019	640.000	800.000
Disposals during the year	-640.000	0
<b>Cost 31 December 2019</b>	<b>0</b>	<b>800.000</b>
Amortisation and writedown 1 January 2019	-320.000	-160.000
Depreciation for the year	-34.583	-160.000
Depreciation, amortisation and writedown for the year, assets disposed of	354.583	0
<b>Amortisation and writedown 31 December 2019</b>	<b>0</b>	<b>-320.000</b>
<b>Book value 31 December 2019</b>	<b>0</b>	<b>480.000</b>
<b>6. Contributed capital</b>		
Contributed capital 1 January 2019	500.000	500.000
	<b>500.000</b>	<b>500.000</b>
<b>7. Retained earnings</b>		
Retained earnings 1 January 2019	-2.892.281	-622.977
Profit or loss for the year brought forward	-2.006.333	-2.269.305
	<b>-4.898.614</b>	<b>-2.892.282</b>

## Notes

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All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>8. Bank debts</b>		
Bank debts in total	1.443.850	1.443.850
Share of amount due within 1 year	<u>-340.000</u>	<u>-93.000</u>
	<b><u>1.103.850</u></b>	<b><u>1.350.850</u></b>
Share of liabilities due after 5 years	<u>62.000</u>	<u>402.000</u>
<b>9. Debt to group enterprises</b>		
Debt to group enterprises in total	1.508.879	1.508.395
Share of amount due within 1 year	<u>-167.650</u>	<u>-168.000</u>
	<b><u>1.341.229</u></b>	<b><u>1.340.395</u></b>
Share of liabilities due after 5 years	<u>521.000</u>	<u>667.000</u>
<b>10. Other payables</b>		
Total other payables	650.000	975.000
Share of amount due within 1 year	<u>-325.000</u>	<u>-325.000</u>
<b>Total other payables</b>	<b><u>325.000</u></b>	<b><u>650.000</u></b>

## Notes

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All amounts in DKK.

### 11. Charges and security

For debt to banks, financial institutions and creditors, T.DKK 2.622, the company has provided security in company assets representing a nominal value of T.DKK 3.850. This security comprises the below assets, stating the book values:

Inventories	DKK 1.271.000
Receivable from sales and services	DKK 369.000
Goodwill	DKK 285.000

### 12. Contingencies

#### Contingent assets

The company has an unrecognized tax asset of T.DKK 908

#### Contingent liabilities

##### Leasing liabilities

The company has entered into operational leasing contracts with an average monthly leasing payment of DKK 3.068. The leasing contracts have between 28-50 months left to run, and the total outstanding leasing payment is DKK 92.919.

##### Rent obligation

The company has rent obligations with an average monthly obligation payment of DKK 21.313. The rent obligation have in general 3 month notice of termination, one rent contract is non-cancellable for 3 years. The total outstanding rent obligation payment is DKK 247.630.

## Accounting policies

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The annual report for Viking Trailers - Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

## Income statement

### Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.



## Accounting policies

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Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

### Research and development costs

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

Research costs are recognised in the profit and loss account in the year they are incurred. Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical utilisation, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that a connection between the costs incurred and future earnings exists. Lack of official approvals, customer approvals and other uncertainties will often imply that the requirements for recognition as an asset are not met and that development costs therefore are expensed as incurred.

### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## Accounting policies

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### The balance sheet

#### Intangible fixed assets

##### Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 7 years.

##### Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

## Accounting policies

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### **Writedown of fixed assets**

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### **Available funds**

Available funds comprise cash at bank and in hand.

## Accounting policies

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### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

On the acquisition of enterprises, provisions for restructuring within the acquired enterprise is included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been approved and announced on the date of acquisition at the latest.

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

### Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

## **Accounting policies**

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Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

### **Accrued expenses and deferred income**

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.