

Tikkurila Danmark A/S
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Denmark

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Tikkurila Danmark A/S

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting

on MARCH 27 2020



chairman of the annual general meeting

CVR no. 54 96 34 16

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements 1 January – 31 December	10
Income statement	10
Balance sheet	11
Statement of equity	13
Notes	14

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Tikkurila Danmark A/S for the financial year 1 January – 31 December 2019.

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

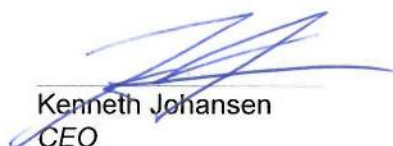
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Vallensbæk, 27 March 2020

Executive board:



Kenneth Johansen
CEO

Board of Directors:

Elisa Johanna
Markula
Chairman

Oskari Vidman

Markus Kristian
Melkko

Statement by the Board of Directors and the Executive Board

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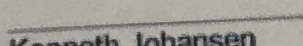
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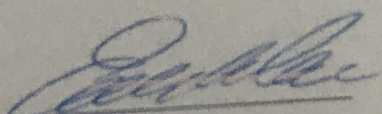
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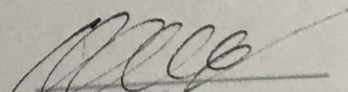
Vallensbæk, 27 March 2020

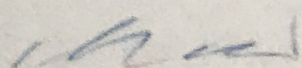
Executive board:


Kenneth Johansen
CEO

Board of Directors:


Elisa Johanna
Markula
Chairman


Oskari Vidman


Markus Kristian
Melkko

Independent auditor's report

To the shareholders of Tikkurila Danmark A/S

Opinion

We have audited the financial statements of Tikkurila Danmark A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 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 (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 27 March 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
mne21337

Tikkurila Danmark A/S
Annual report 2019
CVR no. 54 96 34 16

Management's review

Company details

Tikkurila Danmark A/S
Vallensbækvej 46
2625 Vallensbæk

Telephone: +45 43 63 16 11
Website: www.beckers.dk
CVR no.: 54 96 34 16
Financial year: 1 January – 31 December
Established: 21 September 1961
Registered office: Vallensbæk

Board of Directors

Elisa Johanna Markula, Chairman
Oskari Vidman
Markus Kristian Melkko

Executive Board

Kenneth Johansen, CEO

Auditor

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
Denmark

Annual general meeting

The annual general meeting will be held on 27 March 2020 at the Company's address.

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross profit	44,806	38,112	49,676	52,898	28,586
Ordinary operating profit	13,361	-17,542	9,492	16,607	5,651
Profit from financial income and Expenses	-100	-285	-70	-50	188
Profit for the year	9,980	-14,109	7,119	13,813	4,209
Balance sheet					
Balance sheet total	63,032	73,653	91,976	85,793	47,154
Investment in tangible fixed assets	2,149	1,979	3,334	3,395	826
Equity	30,579	20,599	42,155	40,744	17,817
Number of full-time employees	55	69	69	66	40
Return on assets	12%	-21%	11%	19%	12%
Solvency ratio	49%	28%	46%	47%	38%
Return on equity	21%	-41%	17%	34%	27%

Pursuant to section 101(3) of the Danish Financial Statements Act, the Company has omitted to restate comparative figures for 2015 in connection with the change of accounting policies since the Company merged with Iso Paint Nordic A/S January 1st 2017.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Return on assets	$\frac{\text{Ordinary operating profit} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

Management's review

Operating review

Principal activities

As in previous years, the Company's main activity comprises operating wholesale trade within paint and related products. Sales are done partly through own wholesale centres in Denmark, and partly through selected independent Beckers and Colorama paint shops. Further, the activity comprises sale of paint products within the industrial sector.

The Company is included in the Finnish Tikkurila Group.

Development in activities and financial position

The result for the year amount to DKK 9,980 thousand against a result of DKK -14.109 thousand in 2018.

The result for 2018 was influenced by provisions for expected restructuring costs and extra depreciations in connection with closing of the factory in Lunderskov in 2019.

In 2019 the factory in Lunderskov and RDI function has been closed as planned and transferred to Tikkurila Oyj in Finland for future operations. The result for 2019 is not influenced by significant cost relating to the closing of the factory in Lunderskov as provisions was made in financial year 2018.

Activity 2019 with other Group related parties is described in note 15.

Events after the balance sheet date

After the balance sheet date 31 December 2019, the Covid-19 virus impacted Denmark.

Management consider the outbreak to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

No other events have occurred after the balance sheet date that could materially affect the Company's financial position.

Special risks

To date, we have not experienced any impact from the Covid-19, but future developments are still associated with uncertainty.

We have taken necessary precautions to ensure our employees and customers to keep the business operational under different circumstances.

Management's review

There is close cooperation within the Group to ensure deliveries as normal and there are no expectations that this would be negatively affected at this stage.

Outlook

Management expects the activity level of 2020 to be at the same level as 2019. Profit is expected to be maintained at the same level as 2019 with a slight improvement.

At the time of the signature of the financial statements, management have not been in a position to quantify the financial impact of the Covid-19 virus on the outlook for 2020.

Impact on the external environment and measures to prevent, reduce or eliminate damage

Tikkurila Danmark A/S is environmentally conscious and continuously works on reducing the environmental impact of the Company's activities. Tikkurila Danmark A/S provides eco-friendly storage and treatment of its products, and in case of discarding the Company ensures proper disposal.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit	1	44,806	38,112
Staff costs	2	-29,105	-34,302
Amortisation and impairment of intangible assets and property, plant and equipment		-2,340	-21,352
Operating result		13,361	-17,542
Other operating cost		-134	0
Result before financials		13,227	-17,542
Financial income	3	56	84
Financial expenses	4	-156	-369
Result before tax		13,127	-17,827
Tax on profit for the year	5	-3,147	3,718
Result for the year	6	9,980	-14,109

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Intangible assets	7		
Goodwill		0	0
Acquired licences, patents, trademarks and similar rights		0	187
		<u>0</u>	<u>187</u>
Property, plant and equipment	8		
Land and buildings		6,327	6,518
Fixtures and fittings, tools and equipment		2,299	2,609
Leasehold improvements		2,028	1,698
		<u>10,654</u>	<u>10,825</u>
Total fixed assets		<u>10,654</u>	<u>11,012</u>
Inventories			
Raw materials and consumables		19	4,488
Work in progress		0	58
Finished goods and goods for resale		16,977	18,573
		<u>16,996</u>	<u>23,119</u>
Receivables			
Trade receivables		24,240	24,713
Receivables from group entities		7,219	9,687
Other receivables	9	1,395	1,210
Deferred tax asset	10	0	3,168
Corporation tax receivable		1,468	0
Prepayments	11	929	528
		<u>35,251</u>	<u>39,306</u>
Cash at bank and in hand		<u>131</u>	<u>216</u>
Total current assets		<u>52,378</u>	<u>62,641</u>
TOTAL ASSETS		<u>63,032</u>	<u>73,653</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital	12	2,100	2,100
Share premium		0	4,043
Retained earnings		23,479	14,456
Proposed dividends for the financial year		5,000	0
Total equity		30,579	20,599
Provisions			
Provision for deferred tax	10	34	0
Other provisions		0	6,191
Total provisions		34	6,191
Non-current liabilities other than provision			
Non-current liabilities other than provisions	13	1,017	0
		1,017	0
Current liabilities other than provisions			
Trade payables		11,180	21,694
Payables to group entities		13,189	17,842
Corporation tax payable		0	769
Other liabilities		7,033	6,558
		31,402	46,863
Total liabilities other than provisions		32,419	46,863
TOTAL EQUITY AND LIABILITIES		63,032	73,653
Contingencies, etc.			
Related parties disclosure and ownership	14 15		

Financial statements 1 January – 31 December

Statement of equity

DKK'000	Share capital	Share premium	Retained earnings	Proposed dividends for the fi- nancial year	Total
Equity at 1 January 2019	2,100	4,043	14,456	0	20,599
Transfer share premium	0	-4,043	4,043	0	0
Distributed dividend	0	0	0	0	0
Transferred over the distribution of earnings and loss	0	0	4,980	5,000	9,980
Equity at 31 December 2019	2,100	0	23,479	5,000	30,579

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Tikkurila Danmark A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year besides the presentation of Staff costs.

In Financial Statements 2018 we presented DKK 1,383 thousand included as Staff costs, which for 2019 are being presented in equivalent value DKK 997 thousand under Other External Expenses.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as its cash flows are reflected in the consolidated cash flow statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gross profit

Pursuant to section 32 of the Financial Statements Act the Company has not disclosed information on revenue.

Gross profit is a consolidation of revenue, changes in inventories of goods for resale and work in progress and other operating income less costs for raw materials and consumables and other external costs and gains on the sale of fixed assets.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs for the Company's employees etc., excluding reimbursements from public authorities.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment comprise depreciation, amortisation and impairment for the year of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax and is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment. Goodwill is amortised on a straight-line basis over 10 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Patents, licences and trademarks

Patents and licences are measured at cost less accumulated amortisation and impairment. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 10 years.

Development costs and costs for internally generated rights are recognised in the income statement in the acquisition year.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life reduced with eventual impairment. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

- | | |
|--|------------|
| • Buildings | 40 years |
| • Plant and machinery | 15 years |
| • Fixtures and fittings, tools and equipment, leasehold improvements | 3-10 years |

The useful life and residual value are reassessed annually. If residual value excess book value depreciations will be ceased. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively with no impact on equity.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property as well as plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment test is conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

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

Inventories

Inventories are measured at cost in accordance with the weighted average cost formula. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale comprise purchase price plus delivery costs.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and in bank.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised net under "Payables to group entities".

Equity - dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as the estimated tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income. In cases where the

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

computation of the tax value is made in accordance with alternative taxation rules, the deferred tax is measured on basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which usually corresponds to the net realisable value.

Financial statements 1 January – 31 December

Notes

	DKK'000	2019	2018
2 Staff costs			
Salaries and wages		26,141	30,763
Pensions		2,586	3,078
Other social security costs		378	461
		<u>29,105</u>	<u>34,302</u>
Average number of employees		<u>55</u>	<u>69</u>
Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration to the Executive Board.			
3 Financial income			
Other interest income		20	23
Foreign exchange gains		36	61
		<u>56</u>	<u>84</u>
4 Financial expenses			
Interest expenses to group entities		83	213
Other interest expenses		34	102
Foreign exchange losses		39	54
		<u>156</u>	<u>369</u>
5 Tax on profit for the year			
Deferred tax adjustment for the year		3,202	-5,661
Tax payable		-51	1,943
Tax previous year		-4	0
		<u>3,147</u>	<u>-3,718</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2019	2018
6 Profit appropriation		
Proposed dividends for the financial year	5,000	0
Retained earnings	4,980	-14,109
	<u>9,980</u>	<u>-14,109</u>
7 Intangible assets		
		Acquired licences, patents, trade- marks and simi- lar rights
DKK'000	Goodwill	
Cost at 1 January 2019	6,968	943
Additions	0	0
Disposals	-6,968	-943
Cost at 31 December 2019	<u>0</u>	<u>0</u>
Amortisation and impairment at 1 January 2019	-6,968	-756
Amortisation for the year	0	-53
Reversed depreciation and impairment, disposed assets	6,968	809
Amortisation and impairment at 31 December 2019	<u>0</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>0</u>	<u>0</u>

Financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2019	18,719	23,738	5,754
Additions	0	1,053	1,095
Disposals	0	-13,301	0
Cost at 31 December 2019	18,719	11,490	6,849
Amortisation and impairment at 1 January 2019	-12,201	-21,129	-4,056
Amortisation for the year	-191	-1,331	-765
Reversed depreciation and impairment, disposed assets	0	13,269	0
Amortisation and impairment at 31 December 2019	-12,392	-9,191	-4,821
Carrying amount at 31 December 2019	6,327	2,299	2,028

Management has assessed indications of impairment of the property, plant and equipment and concluded that there is no impairment at the balance sheet date.

DKK'000	2019	2018
9 Other receivables		
Deposits	1,387	1,197
Prepayments	8	13
	1,395	1,210

Deposits comprise of rent deposits for shops and office space. The rent deposits fall due for collection after more than one year after the balance sheet date except DKK 333 thousand.

Financial statements 1 January – 31 December

Notes

	DKK'000	2019	2018
10 Deferred tax			
Provision for deferred tax 1 January		-3,168	2,493
Adjustments for the year, deferred tax		3,202	-5,661
		<u>34</u>	<u>-3,168</u>

11 Prepayments

Prepayments comprise of prepaid costs relating to rent and other prepaid costs relating to subsequent financial years.

12 Contributed capital

The share capital consists of 2,100 shares of nominal DKK 1,000 each. All shares rank equally.

13 Non-current liabilities other than provisions

DKK'000	Total debt	Repay- ment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,017	0	1,017	0
Balance at 31 December 2019	<u>1,017</u>	<u>0</u>	<u>1,017</u>	<u>0</u>

Other payables relates to accrued holiday allowance from 1 September 2019 to 31 December 2019 under the new Danish Holiday Act, which is presented as long-term payables at 31 December.

14 Contingencies, etc.

Operating lease

The Company has operating lease obligations with a total residual lease payment of DKK 6,047 thousand (2018: DKK 6,003 thousand).

Financial statements 1 January – 31 December

Notes

15 Related party disclosures and ownership

Tikkurila Danmark A/S' related parties comprise the following:

Control

Tikkurila OYJ, P.O. Box 53, Heidehofintie 2, FI-01301 Vantaa, Finland.

Tikkurila OYJ holds the majority of the share capital in the Company.

Tikkurila Danmark A/S is part of the consolidated financial statements for Tikkurila OYJ, Finland, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements for Tikkurila OYJ can be obtained by contacting the Company.

Other related parties

Tikkurila OYJ
Tikkurila Sverige AB
Tikkurila GmbH (in 2018)
Tikkurila Polska S.A.
Tikkurila Norge AS
Tikkurila SIA (Estonia)
Tikkurila UAB

Related party transactions

DKK'000	2019	2018
Sale of goods to a subsidiary	21,314	18,038
Purchase of goods from a subsidiary	-74,157	-73,809
Internal services and transfer of activities	9,348	8,080
	<u>-43,495</u>	<u>-47,691</u>

Payables to associates and subsidiaries are disclosed in the balance sheet, and income and expensed interest is disclosed in note 3 and 4.